Report to Shareholders First Quarter 2025

National Bank reports its results for the First Quarter of 2025

The financial information reported in this document is based on the unaudited interim condensed Consolidated Financial Statements for the quarter ended January 31, 2025 and is prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated. IFRS Accounting Standards represent Canadian generally accepted accounting principles (GAAP). All amounts are presented in Canadian dollars.

MONTREAL, February 26, 2025 – For the first quarter of 2025, National Bank is reporting net income of $997 million, up 8% from $922 million in the first quarter of 2024. First-quarter diluted earnings per share stood at $2.78 compared to $2.59 in the first quarter of 2024. These increases were driven by total revenue growth in all of the business segments, partly offset by increases in non-interest expenses and provisions for credit losses. The Bank's income before provisions for credit losses and income taxes totalled $1,537 million in the first quarter of 2025 compared to $1,261 million in the first quarter of 2024, a 22% increase owing to good performance in all of the business segments, in particular, in Financial Markets and Wealth Management. Adjusted net income(1), which excludes specified items(1) related to the acquisition of Canadian Western Bank (CWB), totalled $1,050 million in the first quarter of 2025 from net income of $922 million in the same quarter of 2024. Adjusted diluted earnings per share(1) stood at $2.93, up 13% compared to $2.59 in the first quarter of 2024.

"The Bank generated strong first quarter financial results, reflecting solid execution across business segments and our diversified earnings power. We were also pleased to recently complete the acquisition of Canadian Western Bank, marking a significant step forward in the acceleration of our domestic growth and toward extending the depth of our banking capabilities to the benefit of all our clients," said Laurent Ferreira, CEO. "In a context of heightened macroeconomic and geopolitical uncertainty and an evolving credit cycle, we remain committed to maintaining our usual discipline regarding credit, capital and costs," concluded Mr. Ferreira.

Highlights

(millions of Canadian dollars)

	Quarter ended January 31		
	2025	2024(2)	% Change
Net income	**997**	922	8
Diluted earnings per share *(dollars)*	**$ 2.78**	$ 2.59	7
Income before provisions for credit losses and income taxes	**1,537**	1,261	22
Return on common shareholders' equity(3)	**16.7 %**	17.1 %	
Dividend payout ratio(3)	**40.1 %**	43.1 %	
Operating results – Adjusted(1)			
Net income – Adjusted	**1,050**	922	14
Diluted earnings per share – Adjusted *(dollars)*	**$ 2.93**	$ 2.59	13
Income before provisions for credit losses and income taxes – Adjusted	**1,610**	1,261	28

	As at January 31, 2025	As at October 31, 2024
CET1 capital ratio under Basel III(4)	**13.6 %**	13.7 %
Leverage ratio under Basel III(4)(5)	**4.3 %**	4.4 %

(1) See the Financial Reporting Method section on pages 4 to 9 for additional information on non-GAAP financial measures.
(2) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes. For additional information, see the Financial Reporting Method section.
(3) See the Glossary section on pages 47 to 50 for details on the composition of these measures.
(4) See the Financial Reporting Method section on pages 4 to 9 for additional information on capital management measures.
(5) Ratio as at January 31, 2025 includes the redemption of Series 32 preferred shares completed on February 17, 2025.

Personal and Commercial

- Net income totalled $290 million in the first quarter of 2025 versus $339 million in the first quarter of 2024, a 14% decrease due to a significant increase in provisions for credit losses.
- At $1,204 million, first-quarter total revenues rose $50 million or 4% year over year, mainly due to an increase in net interest income (driven by growth in loan and deposit volumes), partly offset by a lower net interest margin.
- Compared to a year ago, personal lending grew 4% and commercial lending grew 13%.
- The net interest margin(1) stood at 2.28% in the first quarter of 2025, down from 2.36% in the first quarter of 2024.
- First-quarter non-interest expenses stood at $641 million, up 4% year over year.
- Provisions for credit losses rose $91 million year over year, mainly due to an increase in provisions for credit losses on impaired loans.
- At 53.2%, the first-quarter efficiency ratio(1) was relatively stable compared to 53.3% in the first quarter of 2024.

Wealth Management

- Net income totalled $242 million in the first quarter of 2025, a 23% increase from $196 million in the first quarter of 2024.
- First-quarter total revenues amounted to $776 million compared to $660 million in first-quarter 2024, a $116 million or 18% increase driven mainly by growth in fee-based revenues and net interest income.
- First-quarter non-interest expenses stood at $441 million versus $390 million in first-quarter 2024, a 13% increase associated with revenue growth.
- At 56.8%, the first-quarter efficiency ratio(1) improved from 59.1% in the first quarter of 2024.

Financial Markets

- Net income totalled $417 million in the first quarter of 2025, up 35% from $308 million in the first quarter of 2024.
- First-quarter total revenues amounted to $907 million, a 40% increase that was mainly due to growth in global markets revenues.
- First-quarter non-interest expenses stood at $367 million compared to $313 million in first-quarter 2024, an increase that was mainly due to the increase in variable compensation.
- First-quarter provisions for credit losses stood at $36 million compared to $17 million in the first quarter of 2024, due to the provisions for credit losses on impaired loans.
- At 40.5%, the efficiency ratio(1) improved from 48.4% in the first quarter of 2024.

U.S. Specialty Finance and International

- Net income totalled $183 million in the first quarter of 2025, up 22% from $150 million in the first quarter of 2024.
- First-quarter total revenues amounted to $405 million, a 24% year-over-year increase driven mainly by revenue growth at both the Credigy and ABA Bank subsidiaries.
- First-quarter non-interest expenses stood at $123 million, a 23% year-over-year increase mainly attributable to business growth at ABA Bank.
- First-quarter provisions for credit losses were up $15 million year over year, with the increase being attributable to both Credigy and ABA Bank.
- At 30.4%, the efficiency ratio(1) improved from 30.7% in the first quarter of 2024.

Other

- There was a net loss of $135 million in the first quarter of 2025 compared to a net loss of $71 million in the same quarter of 2024, a change that essentially came from a smaller contribution from Treasury activities, a year-over-year increase in non-interest expenses (notably due to higher compensation and employee benefits), as well as the unfavourable impact of specified items(2) on net loss in the first quarter of 2025.

CWB Acquisition

- On February 3, 2025, the Bank completed its acquisition of CWB, a diversified financial services institution based in Edmonton, Alberta, in which the Bank already held a 5.9% stake. This transaction will enable the Bank to accelerate its growth across Canada. This business combination brings together two complementary Canadian banks with growing businesses, thereby enhancing customer service by offering a full range of products and services nationwide, with a regionally focused service model.

Capital Management

- As at January 31, 2025, the Common Equity Tier 1 (CET1) capital ratio under Basel III(3) stood at 13.6%, a decrease from 13.7% as at October 31, 2024.
- As at January 31, 2025, the Basel III(3)(4) leverage ratio was 4.3%, a decrease from 4.4% as at October 31, 2024.

(1) See the Glossary section on pages 47 to 50 for details on the composition of these measures.
(2) See the Financial Reporting Method section on pages 4 to 9 for additional information on non-GAAP financial measures.
(3) See the Financial Reporting Method section on pages 4 to 9 for additional information on capital management measures.
(4) Ratio as at January 31, 2025 includes the redemption of Series 32 preferred shares completed on February 17, 2025.

Management's Discussion and Analysis

February 25, 2025

The following Management's Discussion and Analysis (MD&A) presents the financial condition and operating results of National Bank of Canada (the Bank). This analysis was prepared in accordance with the requirements set out in *National Instrument 51-102, Continuous Disclosure Obligations,* released by the Canadian Securities Administrators (CSA). It is based on the unaudited interim condensed consolidated financial statements (the consolidated financial statements) for the quarter ended January 31, 2025 and prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated. IFRS Accounting Standards represent Canadian generally accepted accounting principles (GAAP). This MD&A should be read in conjunction with the consolidated financial statements and accompanying notes for the quarter ended January 31, 2025 and with the *2024 Annual Report*. All amounts are presented in Canadian dollars. Additional information about the Bank, including the *Annual Information Form*, can be obtained from the Bank's website at nbc.ca and SEDAR+'s website at sedarplus.ca. The information found in the various documents and reports published by the Bank or the information available on the Bank's website and mentioned herein is not and should not be considered incorporated by reference into the Report to Shareholders, the Management's Discussion and Analysis, or the consolidated financial statements, unless expressly stated otherwise.

Caution Regarding Forward-Looking Statements

Certain statements in this document are forward-looking statements. These statements are made in accordance with applicable securities legislation in Canada and the United States. The forward-looking statements in this document may include, but are not limited to, statements in the messages from management, as well as other statements about the economy, market changes, the Bank's objectives, outlook, and priorities for fiscal 2025 and beyond, the strategies or actions that the Bank will take to achieve them, expectations for the Bank's financial condition and operations, the regulatory environment in which it operates, its environmental, social, and governance targets and commitments, the impacts and benefits of the acquisition of Canadian Western Bank (CWB), and certain risks to which the Bank is exposed. The Bank may also make forward-looking statements in other documents and regulatory filings, as well as orally. These forward-looking statements are typically identified by verbs or words such as "outlook", "believe", "foresee", "forecast", "anticipate", "estimate", "project", "expect", "intend" and "plan", the use of future or conditional forms, notably verbs such as "will", "may", "should", "could" or "would", as well as similar terms and expressions.

These forward-looking statements are intended to assist the security holders of the Bank in understanding the Bank's financial position and results of operations as at the dates indicated and for the periods then ended, as well as the Bank's vision, strategic objectives, and performance targets, and may not be appropriate for other purposes. These forward-looking statements are based on current expectations, estimates, assumptions and intentions that the Bank deems reasonable as at the date thereof and are subject to inherent uncertainty and risks, many of which are beyond the Bank's control. 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 will not be confirmed, and that its vision, strategic objectives, and performance targets will not be achieved. The Bank cautions investors that these forward-looking statements are not guarantees of future performance and that actual events or results may differ materially from these statements due to a number of factors. Therefore, the Bank recommends that readers not place undue reliance on these forward-looking statements, as a number of factors could cause actual results to differ materially from the expectations, estimates, or intentions expressed in these forward-looking statements. Investors and others who rely on the Bank's forward-looking statements should carefully consider the factors listed below as well as other uncertainties and potential events 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.

Assumptions about the performance of the Canadian and U.S. economies in 2025 and how that performance will affect the Bank's business are among the factors considered in setting the Bank's strategic priorities and objectives, including allowances for credit losses. These assumptions appear in the *2024 Annual Report* in the Economic Review and Outlook section and, for each business segment, in the Economic and Market Review sections of the *2024 Annual Report* and the Economic Review and Outlook section of this document, and may be updated in the quarterly reports to shareholders filed thereafter.

The forward-looking statements made in this document are based on a number of assumptions and their future outcome is subject to a variety of 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 business and financial market conditions in Canada, the United States, and the other countries where the Bank operates; the measures affecting trade relations between Canada and its partners, including the imposition of tariffs and any measures taken in response to such tariffs, as well as the possible impacts on our clients, our operations and, more generally, the economy; exchange rate and interest rate fluctuations; inflation; global supply chain disruptions; higher funding costs and greater market volatility; changes to fiscal, monetary, and other public policies; regulatory oversight and changes to regulations that affect the Bank's business; geopolitical and sociopolitical uncertainty; the Bank's ability to successfully integrate CWB and the undisclosed costs or liability associated with the acquisition; climate change, including physical risks and risks related to the transition to a low-carbon economy; the Bank's ability to meet stakeholder expectations on environmental and social issues, the need for active and continued stakeholder engagement; the availability of comprehensive and high-quality information from customers and other third parties, including greenhouse gas emissions; the ability of the Bank to develop indicators to effectively monitor our progress; the development and deployment of new technologies and sustainable products; the ability of the Bank to identify climate-related opportunities as well as to assess and manage climate-related risks; significant changes in consumer behaviour; the housing situation, real estate market, and household indebtedness in Canada; the Bank's ability to achieve its key short-term priorities and long-term strategies; the timely development and launch of new products and services; the ability of the Bank to recruit and retain key personnel; technological innovation, including open banking and the use of artificial intelligence; heightened competition from established companies and from competitors offering non-traditional services; model risk; changes in the performance and creditworthiness of the Bank's clients and counterparties; the Bank's exposure to significant regulatory issues or litigation; changes made to the accounting policies used by the Bank to report its financial position, including the uncertainty related to assumptions and significant accounting estimates; changes to tax legislation in the countries where the Bank operates; changes to capital and liquidity guidelines as well as to the instructions related to the presentation and interpretation thereof; changes to the credit ratings assigned to the Bank by financial and extra-financial rating agencies; potential disruptions to key suppliers of goods and services to the Bank; third-party risk, including failure by third parties to fulfil their obligations to the Bank; the potential impacts of disruptions to the Bank's information technology systems due to cyberattacks and theft or disclosure of data, including personal information and identity theft; the risk of fraudulent activity; and possible impacts of major events on the economy, market conditions, or the Bank's outlook, including international conflicts, natural disasters, public health crises, and the measures taken in response to these events; and the ability of the Bank to anticipate and successfully manage risks arising from all of the foregoing factors.

The foregoing list of risk factors is not exhaustive, and the forward-looking statements made in this document are also subject to credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, and social and environmental risk as well as certain emerging risks or risks deemed significant. Additional information about these factors is provided in the Risk Management section of the *2024 Annual Report* as well as in the Risk Management section of this Report to Shareholders for the first quarter of 2025 and may be updated in the quarterly reports to shareholders filed thereafter.

Financial Reporting Method

The Bank's Consolidated Financial Statements are prepared in accordance with IFRS Accounting Standards, 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 Accounting Standards, which represent Canadian GAAP. None of the OSFI accounting requirements are exceptions to IFRS Accounting Standards.

Effective November 1, 2024, the Bank discontinued taxable equivalent basis (TEB) reporting for revenues and income taxes. Using the TEB method is less relevant since the introduction of the Pillar 2 rules (global minimum tax) during the first quarter of 2025 and Bill C-59 in relation to the taxation of certain Canadian dividends during fiscal 2024. This change has no impact on net income previously disclosed. Data for the 2024 periods were adjusted to reflect this change.

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.

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 8 and 9 and in the Consolidated Results table on page 12. It should be noted that, for the quarter ended January 31, 2025, after the acquisition of Canadian Western Bank (CWB) was completed, several acquisition-related items have been excluded from results since, in the opinion of management, they are not reflective of the underlying performance of the Bank's operations, in particular, the amortization of the subscription receipt issuance costs of $28 million ($20 million net of income taxes); a gain of $4 million ($3 million net of income taxes) resulting from the remeasurement at fair value of the CWB common shares already held by the Bank; the impact of managing fair value changes, which is a loss of $23 million ($17 million net of income taxes), and acquisition and integration charges of $26 million ($19 million net of income taxes). For the quarter ended January 31, 2024, no specified items had been excluded from results.

<u>Adjusted Net Interest Income</u>

This item represents net interest income excluding specified items. Specified items are excluded so that net interest income can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

<u>Adjusted Non-Interest Income</u>

This item represents non-interest income excluding specified items. Specified items are excluded so that non-interest income can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Total Revenues
This item represents total revenues excluding specified items. It consists of adjusted net interest income and adjusted non-interest income. Specified items are excluded so that total revenues can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Non-Interest Expenses
This item represents non-interest expenses excluding specified items. Specified items are excluded so that non-interest expenses can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Income Before Provisions for Credit Losses and Income Taxes
This item represents income before provisions for credit losses and income taxes excluding specified items. It also represents the difference between adjusted total revenues and adjusted non-interest expenses. Specified items are excluded so that income before provisions for credit losses and income taxes can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Income Taxes
This item represents income taxes excluding income taxes on specified items.

Adjusted Net Income
This item represents net income excluding specified items. Specified items are excluded so that net income can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Net income Attributable to Common Shareholders
This item represents net income attributable to common shareholders excluding specified items. Specified items are excluded so that net income attributable to common shareholders can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Basic Earnings Per Share
This item represents basic earnings per share excluding specified items. Specified items are excluded so that basic earnings per share can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Diluted Earnings Per Share
This item represents diluted earnings per share excluding specified items. Specified items are excluded so that diluted earnings per share can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

The Bank also uses the below-described measures to assess its results, and a quantitative reconciliation of these non-GAAP financial measures is presented on page 7 of the document entitled *Supplementary Financial Information – First Quarter 2025* available on the Bank's website at nbc.ca.

Adjusted Non-Trading Net Interest Income
This item represents non-trading net interest income excluding specified items. It includes revenues related to financial assets and financial liabilities associated with non-trading activities, net of interest expenses and interest income related to the financing of these financial assets and financial liabilities, and is used to calculate adjusted non-trading net interest margin. Specified items are excluded so that adjusted non-trading net interest income can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Net Interest Income Related to Trading Activities
This item represents net interest income related to trading activities which comprises dividends related to financial assets and liabilities associated with trading activities and certain interest income related to the financing of these financial assets and liabilities, net of interest expenses.

Non-Interest Income Related to Trading Activities
This item represents non-interest income related to trading activities which consists of realized and unrealized gains and losses as well as interest income on securities measured at fair value through profit or loss, income from held-for-trading derivative financial instruments, changes in the fair value of loans at fair value through profit or loss, changes in the fair value of financial instruments designated at fair value through profit or loss, realized and unrealized gains and losses as well as interest expense on obligations related to securities sold short, certain commission income as well as other trading activity revenues, and any applicable transaction costs.

Trading Activity Revenues

This item represents trading activity revenues which comprise dividends related to financial assets and financial liabilities associated with trading activities; certain interest income related to the financing of these financial assets and liabilities, net of interest expenses; realized and unrealized gains and losses as well as interest income on securities measured at fair value through profit or loss; income from held-for-trading derivative financial instruments; changes in the fair value of loans at fair value through profit or loss; changes in the fair value of financial instruments designated at fair value through profit or loss; realized and unrealized gains and losses as well as interest expense on obligations related to securities sold short; certain commission income as well as other trading activity revenues, and any applicable transaction costs.

Non-GAAP Ratios

The Bank uses non-GAAP ratios that do not have standardized meanings under GAAP and that may therefore not be comparable to similar measures used by other companies. A non-GAAP ratio is a ratio in which at least one component is a non-GAAP financial measure. The Bank uses non-GAAP ratios to present aspects of its financial performance or financial position.

The key non-GAAP ratios used by the Bank are described below.

Adjusted Return on Common Shareholders' Equity (ROE)

This item represents ROE excluding specified items. It is adjusted net income attributable to common shareholders expressed as a percentage of average equity attributable to common shareholders. It is a general measure of the Bank's efficiency in using equity. Specified items are excluded so that ROE can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Dividend Payout Ratio

This item represents the dividend payout ratio excluding specified items. It is dividends on common shares (per share amount) expressed as a percentage of adjusted basic earnings per share. This ratio is a measure of the proportion of earnings that is paid out to shareholders in the form of dividends. Specified items are excluded so that the dividend payout ratio can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Operating Leverage

This item represents operating leverage excluding specified items. It is the difference between the growth rate of adjusted total revenues and the growth rate of adjusted non-interest expenses, and it measures the sensitivity of the Bank's results to changes in its revenues. Specified items are excluded so that the operating leverage can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Efficiency Ratio

This item represents the efficiency ratio excluding specified items. The ratio represents adjusted non-interest expenses expressed as a percentage of adjusted total revenues. It measures the efficiency of the Bank's operations. Specified items are excluded so that the efficiency ratio can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Net Interest Margin, Non-Trading

This item represents the non-trading net interest margin excluding specified items. It is calculated by dividing adjusted non-trading net interest income by average non-trading interest-bearing assets. This ratio is a measure of the profitability of non-trading activities. Specified items are excluded so that the net interest margin, non-trading can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Supplementary Financial Measures

A supplementary financial measure is a financial measure that: (a) is not reported in the Bank's consolidated financial statements, and (b) is, or is intended to be, reported periodically to represent historical or expected financial performance, financial position, or cash flows. The composition of these supplementary financial measures is presented in table footnotes or in the Glossary section on pages 47 to 50 of this MD&A.

Capital Management Measures

The financial reporting framework used to prepare the financial statements requires disclosure that helps readers assess the Bank's capital management objectives, policies, and processes, as set out in IFRS Accounting Standards in IAS 1 – *Presentation of Financial Statements.* The Bank has its own methods for managing capital and liquidity, and IFRS Accounting Standards do not prescribe any particular calculation method. These measures are calculated using various guidelines and advisories issued by OSFI, which are based on the standards, recommendations, and best practices of the Basel Committee on Banking Supervision (BCBS), as presented in the following table.

OSFI guideline or advisory	Measure
Capital Adequacy Requirements	Common Equity Tier 1 (CET1) capital ratio Tier 1 capital ratio Total capital ratio CET1 capital Tier 1 capital Tier 2 capital Total capital Risk-weighted assets Maximum credit risk exposure under the Basel asset classes
Leverage Requirements	Leverage ratio Total exposure
Total Loss Absorbing Capacity (TLAC)	Key indicators – TLAC requirements Available TLAC TLAC ratio TLAC leverage ratio
Liquidity Adequacy Requirements	Liquid asset portfolio Encumbered assets and unencumbered assets Liquidity coverage ratio (LCR) High-quality liquid assets (HQLA) Cash inflows/outflows and net cash outflows Net stable funding ratio (NSFR) Available stable funding items Required stable funding items
Global Systemically Important Banks (G-SIBs) – Public Disclosure Requirements	G-SIB indicators

Reconciliation of Non-GAAP Financial Measures

Presentation of Results – Adjusted

(millions of Canadian dollars) Quarter ended January 31

						2025	2024[1]
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Operating results							
Net interest income	944	227	(509)	370	(60)	972	751
Non-interest income	260	549	1,416	35	(49)	2,211	1,959
Total revenues	1,204	776	907	405	(109)	3,183	2,710
Non-interest expenses	641	441	367	123	74	1,646	1,449
Income before provisions for credit losses and income taxes	563	335	540	282	(183)	1,537	1,261
Provisions for credit losses	162	2	36	51	3	254	120
Income before income taxes (recovery)	401	333	504	231	(186)	1,283	1,141
Income taxes (recovery)	111	91	87	48	(51)	286	219
Net income	290	242	417	183	(135)	997	922
Items that have an impact on results							
Net interest income							
Amortization of the subscription receipt issuance costs[2]	–	–	–	–	(28)	(28)	–
Impact on net interest income	–	–	–	–	(28)	(28)	–
Non-interest income							
Gain on the fair value remeasurement of an equity interest[3]	–	–	–	–	4	4	–
Management of the fair value changes related to the CWB acquisition[4]	–	–	–	–	(23)	(23)	–
Impact on non-interest income	–	–	–	–	(19)	(19)	–
Non-interest expenses							
CWB acquisition and integration charges[5]	–	–	–	–	26	26	–
Impact on non-interest expenses	–	–	–	–	26	26	–
Income taxes							
Income taxes on the amortization of the subscription receipt issuance costs[2]	–	–	–	–	(8)	(8)	–
Income taxes on the gain on the fair value remeasurement of an equity interest[3]	–	–	–	–	1	1	–
Income taxes on management of the fair value changes related to the CWB acquisition[4]	–	–	–	–	(6)	(6)	–
Income taxes on the CWB acquisition and integration charges[5]	–	–	–	–	(7)	(7)	–
Impact on income taxes	–	–	–	–	(20)	(20)	–
Impact on net income	–	–	–	–	(53)	(53)	–
Operating results – Adjusted							
Net interest income – Adjusted	944	227	(509)	370	(32)	1,000	751
Non-interest income – Adjusted	260	549	1,416	35	(30)	2,230	1,959
Total revenues – Adjusted	1,204	776	907	405	(62)	3,230	2,710
Non-interest expenses – Adjusted	641	441	367	123	48	1,620	1,449
Income before provisions for credit losses and income taxes – Adjusted	563	335	540	282	(110)	1,610	1,261
Provisions for credit losses	162	2	36	51	3	254	120
Income before income taxes (recovery) – Adjusted	401	333	504	231	(113)	1,356	1,141
Income taxes (recovery) – Adjusted	111	91	87	48	(31)	306	219
Net income – Adjusted	290	242	417	183	(82)	1,050	922

(1) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.
(2) During the quarter ended January 31, 2025, the Bank recorded an amount of $28 million ($20 million net of income taxes) to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (for additional information, see Notes 8 and 10 to the Consolidated Financial Statements).
(3) During the quarter ended January 31, 2025, the Bank recorded a gain of $4 million ($3 million net of income taxes) upon the remeasurement at fair value of the interest already held in CWB as at January 31, 2025.
(4) During the quarter ended January 31, 2025, the Bank recorded a mark-to-market loss of $23 million ($17 million net of income taxes) on interest rate swaps used to manage the fair value changes of CWB's assets and liabilities that resulted in volatility of goodwill and capital on closing of the transaction. For additional information, see the Events After the Consolidated Balance Sheet Date section.
(5) During the quarter ended January 31, 2025, the Bank recorded acquisition and integration charges of $26 million ($19 million net of income taxes) related to the CWB transaction.

Presentation of Basic and Diluted Earnings Per Share – Adjusted

(Canadian dollars)	Quarter ended January 31	
	2025	2024
Basic earnings per share	$ 2.81	$ 2.61
Amortization of the subscription receipt issuance costs(1)	0.06	–
Gain on the fair value remeasurement of an equity interest(2)	(0.01)	–
Management of the fair value changes related to the CWB acquisition(3)	0.05	–
CWB acquisition and integration charges(4)	0.05	–
Basic earnings per share – Adjusted	$ 2.96	$ 2.61
Diluted earnings per share	$ 2.78	$ 2.59
Amortization of the subscription receipt issuance costs(1)	0.06	–
Gain on the fair value remeasurement of an equity interest(2)	(0.01)	–
Management of the fair value changes related to the CWB acquisition(3)	0.05	–
CWB acquisition and integration charges(4)	0.05	–
Diluted earnings per share – Adjusted	$ 2.93	$ 2.59

(1) During the quarter ended January 31, 2025, the Bank recorded an amount of $28 million ($20 million net of income taxes) to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (for additional information, see Notes 8 and 10 to the Consolidated Financial Statements).

(2) During the quarter ended January 31, 2025, the Bank recorded a gain of $4 million ($3 million net of income taxes) upon the remeasurement at fair value of the interest already held in CWB as at January 31, 2025.

(3) During the quarter ended January 31, 2025, the Bank recorded a mark-to-market loss of $23 million ($17 million net of income taxes) on interest rate swaps used to manage the fair value changes of CWB's assets and liabilities that resulted in volatility of goodwill and capital on closing of the transaction. For additional information, see the Events After the Consolidated Balance Sheet Date section.

(4) During the quarter ended January 31, 2025, the Bank recorded acquisition and integration charges of $26 million ($19 million net of income taxes) related to the CWB transaction.

Economic Review and Outlook

Global Economy

The global economic outlook is certainly not poor across the board at this juncture. The political impasses in France and Germany could lift, and the conflicts in Eastern Europe and the Middle East could subside. This would certainly be good for growth, as would a continued healthy expansion in the U.S. More monetary easing, as indicated by many central banks for 2025, would also be welcome. But all this could fade in importance should uncertainties gain in importance. If the election of Donald Trump as President of the United States proves to be a real turning point in modern economic history, and if the globalization process of the last 70 years should stagnate, or worse, be reversed, then many economies would be very poorly placed to deal with the many challenges that would inevitably follow. Manufacturing powers such as China and Germany are already struggling to find their footing, and the public finances of other countries are in poor shape. Fortunately, this is not yet our base scenario. We continue to believe that Washington's protectionist instincts will be relatively contained, and that the worst of the trade war can be avoided. This does not mean, however, that global growth will be robust. It is just that the threat of tariffs is likely to hang over our heads for the next four years, and this is unlikely to stimulate business investment. And when businesses are less confident, the labour market tends to be less buoyant, and consumption less vigorous. Even so, global gross domestic product (GDP) is set to grow 3.0%[(1)] in 2025, according to our base scenario.

The year 2024 ended on a positive note in the United States, with real GDP growing at an annualized rate of 2.3% in the fourth quarter of 2024. These results topped off a very good 2024, during which GDP grew by no less than 2.8%, far more than economists had initially forecast. This is because population growth, government deficits and rising household wealth were all underestimated. Barely a month ago, the outlook for 2025 looked rather positive. While there are aspects of the new administration's program that are likely to slow economic expansion, such as tariffs and mass expulsions of migrants, most economists nevertheless believed that these measures would be kept to a minimum and would be largely offset by pro-growth policies, such as tax cuts and deregulation. Unfortunately, recent events have chipped away at our conviction that Washington's protectionist instincts will be contained. The new administration has already announced additional 10% tariffs on China, and it is threatening to do the same to Europe. For the time being, we anticipate growth of 2.2%[(1)] in 2025, due to good momentum at the start of the year. The second half of the year could be less dynamic, due to a still restrictive monetary policy intended to curb excessively high inflation. The strength of the U.S. dollar could also dampen exports.

Canadian Economy

In Canada, weak economic growth and rising unemployment over the past two years helped contain inflation. In response, the Bank of Canada has been rapidly easing monetary policy since June to give the economy some breathing room. This strategy seems to have paid off, as evidenced by accelerating growth in the last quarter of the year, to 1.8% on an annualized basis (compared to 1.1% in the third quarter of 2024). As a result, GDP per capita rose for the first time in seven quarters. At the same time, the unemployment rate has fallen by 0.3 percentage points over the past two months, to 6.6% in January. Hiring in the private sector has improved recently, but this does not necessarily mark the start of a trend. In fact, the latest Bank of Canada survey reveals that few companies are reporting labour shortages, and job vacancy rates in the private sector remain low. On the strength of interest rate cuts, economic conditions looked set to improve over the course of the year. According to our calculations, the savings realized by variable-rate borrowers could, on a macroeconomic level, offset the financial shock suffered by those whose mortgages are up for renewal this year. Government measures such as the goods and services tax (GST) exemption and the mailing of $200 cheques to Ontarians could also stimulate consumption. However, tariffs remain a threat to the Canadian economy. Even if these measures are never implemented, the mere spectre of them is slowing investment, with many projects now on hold. We expect GDP to grow 1.2%[(1)] in 2025 and 1.5%[(1)] in 2026, while we estimate potential economic growth at approximately 1.2%[(1)], held back by a gloomy demographic outlook. Of course, this outlook will need to be revised downward in the event that tariffs are imposed by the new American president.

Quebec Economy

Quebec's real GDP per capita has been stable over the last three quarters and in line with its pre-pandemic level, while real GDP for the country as a whole has remained below its pre-pandemic level. This greater relative resilience is also reflected in the labour market, which remains stronger with an unemployment rate of just 5.4% in January, the lowest provincial rate, shared with Saskatchewan. This outperformance is the result of solid economic fundamentals. The level of indebtedness of Quebec households is lower than the Canadian average, and this served Quebecers well during the post-pandemic monetary tightening. This is why the province has the highest proportion of households describing their financial situation as good. What is more, in recent months the Quebec real estate market has rallied more strongly than that of the country as a whole. The much higher savings rate than the national average provides a cushion that can ease the shock to consumption should the economic backdrop further deteriorate. Like Canada as a whole, Quebec is vulnerable to new tariffs, as exports to the U.S. account for 15% of GDP (compared to 19% for Canada). However, the province's economy is less vulnerable to sectoral shocks. In fact, Quebec is the third most diversified jurisdiction in North America, after Manitoba and Pennsylvania. In terms of exports, Quebec is the most diversified province. We expect slow growth of 1.0%[(1)] in 2025. Considering that the province's population growth is lower than the Canadian average, this would be sufficient to allow Quebec to maintain an unemployment rate that is comfortably below the national average, namely 5.7%[(1)] in 2025 (compared to 6.9%[(1)] for Canada).

(1) Forecasts of real GDP or unemployment rate, National Bank Financial's Economics and Strategy group

Highlights

(millions of Canadian dollars, except per share amounts)	Quarter ended January 31		
	2025	2024[1]	% Change
Operating results			
Total revenues	3,183	2,710	17
Income before provisions for credit losses and income taxes	1,537	1,261	22
Net income	997	922	8
Return on common shareholders' equity[2]	16.7 %	17.1 %	
Operating leverage[2]	3.9 %	1.6 %	
Efficiency ratio[2]	51.7 %	53.5 %	
Earnings per share			
Basic	$ 2.81	$ 2.61	8
Diluted	$ 2.78	$ 2.59	7
Operating results – Adjusted[3]			
Total revenues – Adjusted[3]	3,230	2,710	19
Income before provisions for credit losses and income taxes – Adjusted[3]	1,610	1,261	28
Net income – Adjusted[3]	1,050	922	14
Return on common shareholders' equity – Adjusted[4]	17.6 %	17.1 %	
Operating leverage – Adjusted[4]	7.4 %	1.6 %	
Efficiency ratio – Adjusted[4]	50.2 %	53.5 %	
Diluted earnings per share – Adjusted[3]	$ 2.93	$ 2.59	13
Common share information			
Dividends declared	$ 1.14	$ 1.06	8
Book value[2]	$ 68.15	$ 61.18	
Share price			
High	$ 140.76	$ 103.38	
Low	$ 128.79	$ 86.50	
Close	$ 128.99	$ 102.83	
Number of common shares *(thousands)*	341,085	339,166	
Market capitalization	43,997	34,876	

(millions of Canadian dollars)	As at January 31, 2025	As at October 31, 2024	% Change
Balance sheet and off-balance-sheet			
Total assets	483,833	462,226	5
Loans, net of allowances	246,620	243,032	1
Deposits	351,095	333,545	5
Equity attributable to common shareholders	23,245	22,400	4
Assets under administration[2]	820,125	766,082	7
Assets under management[2]	165,502	155,900	6
Regulatory ratios under Basel III[5]			
Capital ratios			
Common Equity Tier 1 (CET1)	13.6 %	13.7 %	
Tier 1[6]	15.5 %	15.9 %	
Total[6]	17.1 %	17.0 %	
Leverage ratio[6]	4.3 %	4.4 %	
TLAC ratio[5]	31.2 %	31.2 %	
TLAC leverage ratio[5]	8.7 %	8.6 %	
Liquidity coverage ratio (LCR)[5]	154 %	150 %	
Net stable funding ratio (NSFR)[5]	123 %	122 %	
Other information			
Number of employees – Worldwide (full-time equivalent)	29,508	29,196	1
Number of branches in Canada	362	368	(2)
Number of banking machines in Canada	937	940	–

(1) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.
(2) See the Glossary section on pages 47 to 50 for details on the composition of these measures.
(3) See the Financial Reporting Method section on pages 4 to 9 for additional information on non-GAAP financial measures.
(4) See the Financial Reporting Method section on pages 4 to 9 for additional information on non-GAAP ratios.
(5) See the Financial Reporting Method section on pages 4 to 9 for additional information on capital management measures.
(6) Ratios as at January 31, 2025 include the redemption of the Series 32 preferred shares completed on February 17, 2025.

Financial Analysis

Consolidated Results

(millions of Canadian dollars)		Quarter ended January 31	
	2025	2024[1]	% Change
Operating results			
Net interest income	**972**	751	29
Non-interest income	**2,211**	1,959	13
Total revenues	**3,183**	2,710	17
Non-interest expenses	**1,646**	1,449	14
Income before provisions for credit losses and income taxes	**1,537**	1,261	22
Provisions for credit losses	**254**	120	
Income before income taxes	**1,283**	1,141	12
Income taxes	**286**	219	31
Net income	**997**	922	8
Diluted earnings per share *(dollars)*	**2.78**	2.59	7
Specified items[2]			
Amortization of the subscription receipt issuance costs	**(28)**	–	
Gain on the fair value remeasurement of an equity interest	**4**	–	
Management of the fair value changes related to the CWB acquisition	**(23)**	–	
CWB acquisition and integration charges	**(26)**	–	
Specified items before income taxes	**(73)**	–	
Income taxes related to specified items	**(20)**	–	
Specified items after income taxes	**(53)**	–	
Operating results – Adjusted[2]			
Net interest income – Adjusted	**1,000**	751	33
Non-interest income – Adjusted	**2,230**	1,959	14
Total revenues – Adjusted	**3,230**	2,710	19
Non-interest expenses – Adjusted	**1,620**	1,449	12
Income before provisions for credit losses and income taxes – Adjusted	**1,610**	1,261	28
Provisions for credit losses	**254**	120	
Income before income taxes – Adjusted	**1,356**	1,141	19
Income taxes – Adjusted	**306**	219	40
Net income – Adjusted	**1,050**	922	14
Diluted earnings per share – Adjusted *(dollars)*	**2.93**	2.59	13
Average assets[3]	**488,208**	442,666	10
Average loans[3][4]	**244,706**	228,161	7
Average deposits[3]	**349,630**	301,533	16
Operating leverage[5]	**3.9 %**	1.6 %	
Operating leverage – Adjusted[6]	**7.4 %**	1.6 %	
Efficiency ratio[5]	**51.7 %**	53.5 %	
Efficiency ratio – Adjusted[6]	**50.2 %**	53.5 %	

(1) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.
(2) See the Financial Reporting Method section on pages 4 to 9 for additional information on non-GAAP financial measures.
(3) Represents an average of the daily balances for the period.
(4) Including customers' liability under acceptances for the quarter ended January 31, 2024.
(5) See the Glossary section on pages 47 to 50 for details on the composition of these measures.
(6) See the Financial Reporting Method section on pages 4 to 9 for additional information on non-GAAP ratios.

Financial Results

For the first quarter of 2025, the Bank reported net income of $997 million, up 8% from $922 million in the first quarter of 2024. First-quarter diluted earnings per share stood at $2.78 compared to $2.59 in the first quarter of 2024. These increases were driven by total revenue growth in all of the business segments, partly offset by increases in non-interest expenses and provisions for credit losses. The Bank's income before provisions for credit losses and income taxes totalled $1,537 million in first-quarter 2025 compared to $1,261 million in first-quarter 2024, a 22% increase owing to good performance in all of the business segments, in particular in Financial Markets and Wealth Management. Adjusted net income, which excludes specified items related to the acquisition of CWB, totalled $1,050 million in the first quarter of 2025, up 14% from $922 million in the same quarter of 2024. Adjusted diluted earnings per share stood at $2.93, up 13% compared to $2.59 in the first quarter of 2024.

Return on common shareholders' equity was 16.7% for the quarter ended January 31, 2025 compared to 17.1% in the same quarter of 2024.

Total Revenues

For the first quarter of 2025, the Bank's total revenues amounted to $3,183 million, up $473 million or 17% compared to the corresponding quarter of 2024. In the Personal and Commercial segment, total revenues rose 4% due to growth in personal and commercial loans and deposits (including the transition from bankers' acceptances to loans referencing the Canadian Overnight Repo Rate Average (CORRA)), which more than offset the impact of the narrower net interest margin, as well as to the increase in internal commission revenues related to the distribution of Wealth Management products. These increases were offset by lower credit fees related to the transition of bankers' acceptances to CORRA loans. In the Wealth Management segment, total revenues grew 18%, mainly attributable to increases in fee-based revenues, notably revenues from investment management and trust service fees as well as mutual fund revenues. This growth was also due to an increase in net interest income and securities brokerage commissions, which was driven by an increase in client activity. In the Financial Markets segment, total revenues were up 40% in the first quarter of 2025 compared to the first quarter of 2024 due to a significant increase in global markets revenues. In the USSF&I segment, total revenues were up 24% compared to the first quarter of 2024 as a result of revenue growth at ABA Bank, stemming from business growth, as well as an increase in Credigy's revenues. Total revenues for the *Other* heading were lower than in the corresponding quarter of 2024, primarily due to a lower contribution from Treasury activities and the unfavourable impact of specified items related to the acquisition of CWB. Excluding specified items recorded in the first quarter of 2025, adjusted total revenues amounted to $3,230 million for the quarter ended January 31, 2025, up 19% from $2,710 million in the corresponding quarter in 2024.

Non-Interest Expenses

For the first quarter of 2025, non-interest expenses stood at $1,646 million, up $197 million or 14% from the corresponding quarter in 2024. This increase was due to higher compensation and employee benefits owing to salary growth as well as higher variable compensation related to revenue growth. Occupancy expenses, including depreciation expense, were up compared to the first quarter in 2024, due in part to expenses related to the Bank's new head office building and the expansion of the banking network at the ABA Bank subsidiary. The increase in technology expenses, including depreciation expense, is attributable to significant investments made to support the Bank's technological evolution and business development plan, as well as expenses recorded during the quarter ended January 31, 2025 related to the integration of CWB. Professional fees also rose, notably due to expenses related to the acquisition and integration of CWB recorded during the first quarter of 2025. Lastly, communication expenses were higher compared to the corresponding quarter of 2024, while other expenses were down. Adjusted non-interest expenses stood at $1,620 million in the first quarter of 2025, up 12% from $1,449 million in the first quarter of 2024.

Provisions for Credit Losses

For the first quarter of 2025, the Bank recorded provisions for credit losses of $254 million compared to $120 million in the corresponding quarter in 2024. Provisions for credit losses on impaired loans excluding purchased or originated credit-impaired (POCI) loans(1) rose $97 million compared to the first quarter of 2024. This increase came from Personal Banking (including credit card receivables), Commercial Banking, the Financial Markets segment as well as the Credigy and ABA Bank subsidiaries. Provisions for credit losses on non-impaired loans increased by $27 million compared to the corresponding quarter in 2024, mainly due to the less favourable impact of updated macroeconomic scenarios, a more significant deterioration in credit risk than in the first quarter of 2024, as well as uncertainties related to new tariffs on imports. Furthermore, provisions for credit losses on POCI loans rose $10 million, mainly due to credit loss recoveries recorded in the first quarter of 2024 following repayments of POCI loans in Commercial Banking.

Income Taxes

For the first quarter of 2025, income taxes stood at $286 million compared to $219 million in the corresponding quarter in 2024. The 2025 first-quarter effective income tax rate was 22% compared to 19% in the corresponding quarter in 2024. This was mainly due to a lower level of tax-exempt income in the first quarter of 2025 and the impact of applying Pillar 2 rules (for additional information, see the Income Taxes section).

(1) See the Glossary section on pages 47 to 50 for details on the composition of these measures.

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, which mainly comprises the activities of the Credigy Ltd. (Credigy) and Advanced Bank of Asia Limited (ABA Bank) subsidiaries. Other operating activities, certain specified items, Treasury activities, and the operations of the Flinks Technology Inc. (Flinks) subsidiary are grouped in the *Other* heading of segment disclosures. Each business segment is distinguished by services offered, type of clientele, and marketing strategy.

Personal and Commercial

(millions of Canadian dollars)	Quarter ended January 31		
	2025	2024	% Change
Operating results			
Net interest income	**944**	870	9
Non-interest income	**260**	284	(8)
Total revenues	**1,204**	1,154	4
Non-interest expenses	**641**	615	4
Income before provisions for credit losses and income taxes	**563**	539	4
Provisions for credit losses	**162**	71	
Income before income taxes	**401**	468	(14)
Income taxes	**111**	129	(14)
Net income	**290**	339	(14)
Net interest margin(1)	**2.28 %**	2.36 %	
Average interest-bearing assets(1)	**164,340**	146,700	12
Average assets(2)	**165,861**	155,031	7
Average loans(2)(3)	**164,097**	153,291	7
Net impaired loans(1)	**557**	323	72
Net impaired loans as a % of total loans and acceptances(1)	**0.3 %**	0.2 %	
Average deposits(2)	**92,032**	88,949	3
Efficiency ratio(1)	**53.2 %**	53.3 %	

(1) See the Glossary section on pages 47 to 50 for details on the composition of these measures.
(2) Represents an average of the daily balances for the period.
(3) Including customers' liability under acceptances for the quarter ended January 31, 2024.

In the Personal and Commercial segment, net income totalled $290 million in the first quarter of 2025, down 14% from $339 million in the corresponding quarter in 2024 due to a significant increase in provisions for credit losses, that more than offset the growth in the segment's total revenues. Income before provisions for credit losses and income taxes stood at $563 million, up 4% from the first quarter of 2024. The 9% increase in net interest income in the first quarter of 2025 was driven by growth in personal and commercial loans and deposits (including the transition of bankers' acceptances to loans at the CORRA rate), which more than offset the impact of the decrease in the net interest margin to 2.28% compared to 2.36% in the first quarter of 2024. In addition, non-interest income decreased by 8% compared to the corresponding quarter in 2024, notably due to the transition of bankers' acceptances to loans at the CORRA rate.

Personal Banking's total revenues increased by $22 million compared to the first quarter of 2024. This increase was driven by higher net interest income, attributable to growth in loans and deposits, as well as increases in internal commission revenues related to the distribution of Wealth Management products. Commercial Banking's total revenues grew $28 million compared to the corresponding quarter in 2024, mainly due to an increase in net interest income that was driven by loan growth (including the transition of bankers' acceptances to loans at the CORRA rate) and deposit growth, partly offset by a lower net interest margin on loans.

For the first quarter of 2025, the segment's non-interest expenses stood at $641 million, up 4% compared to the corresponding quarter in 2024. This increase was mainly due to higher compensation and employee benefits, mainly resulting from salary increases, and greater investments made as part of the segment's technological evolution. The efficiency ratio of 53.2% in the first quarter of 2025 improved by 0.1 percentage point compared to the first quarter of 2024.

The segment recorded provisions for credit losses of $162 million compared to $71 million in the first quarter of 2024, up $91 million. This increase was mainly due to higher provisions for credit losses on impaired loans in Personal Banking (including credit card receivables) and in Commercial Banking. In addition, provisions for credit losses on non-impaired loans increased compared to the corresponding quarter of 2024, and credit loss recoveries were recorded in the first quarter of 2024 following repayments of Commercial Banking POCI loans.

Wealth Management

(millions of Canadian dollars)		Quarter ended January 31	
	2025	2024	% Change
Operating results			
Net interest income	227	198	15
Fee-based revenues	450	375	20
Transaction-based and other revenues	99	87	14
Total revenues	776	660	18
Non-interest expenses	441	390	13
Income before provisions for credit losses and income taxes	335	270	24
Provisions for credit losses	2	–	
Income before income taxes	333	270	23
Income taxes	91	74	23
Net income	242	196	23
Average assets(1)	10,611	8,708	22
Average loans(1)(2)	9,443	7,713	22
Net impaired loans(3)	17	5	
Average deposits(1)	43,463	41,216	5
Assets under administration(3)	820,125	712,488	15
Assets under management(3)	165,502	132,822	25
Efficiency ratio(3)	56.8 %	59.1 %	

(1) Represents an average of the daily balances for the period.
(2) Including customers' liability under acceptances for the quarter ended January 31, 2024.
(3) See the Glossary section on pages 47 to 50 for details on the composition of these measures.

In the Wealth Management segment, net income totalled $242 million in the first quarter of 2025, a 23% increase from $196 million in the corresponding quarter in 2024. The segment's total revenues amounted to $776 million, up $116 million or 18% from $660 million in the first quarter of 2024. The 15% increase in net interest income compared to the corresponding quarter in 2024 was due to higher loan and deposit volumes and a more favourable impact of a change in the composition of deposits. The 20% increase in fee-based revenues was due to the rise in stock markets compared to the corresponding quarter in 2024 and positive net inflows for the various solutions. Transaction and other revenues rose 14% compared to the corresponding quarter in 2024 due to increased client activity.

Non-interest expenses stood at $441 million in the first quarter of 2025, up 13% from $390 million in the first quarter of 2024. This increase was due to higher compensation and employee benefits, due in particular to variable compensation in line with revenue growth, as well as higher technology expenses related to the segment's initiatives. At 56.8% in the first quarter of 2025, the efficiency ratio had improved from 59.1% in the corresponding quarter in 2024. Wealth Management recorded provisions for credit losses of $2 million in the first quarter of 2025, while they were negligible in the first quarter of 2024.

Financial Markets

(millions of Canadian dollars)	Quarter ended January 31		
	2025	2024[1]	% Change
Operating results			
Global markets			
Equities	**367**	130	182
Interest rate and credit	**170**	142	20
Commodities and foreign exchange	**58**	71	(18)
	595	343	73
Corporate and investment banking	**312**	304	3
Total revenues	**907**	647	40
Non-interest expenses	**367**	313	17
Income before provisions for credit losses and income taxes	**540**	334	62
Provisions for credit losses	**36**	17	
Income before income taxes	**504**	317	59
Income taxes	**87**	9	
Net income	**417**	308	35
Average assets[2]	**211,793**	190,443	11
Average loans[2][3] (Corporate Banking only)	**31,472**	31,659	(1)
Net impaired loans[4]	**129**	20	
Net impaired loans as a % of total loans and acceptances[4]	**0.4 %**	0.1 %	
Average deposits[2]	**74,330**	63,335	17
Efficiency ratio[4]	**40.5 %**	48.4 %	

(1) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.
(2) Represents an average of the daily balances for the period.
(3) Including customers' liability under acceptances for the quarter ended January 31, 2024.
(4) See the Glossary section on pages 47 to 50 for details on the composition of these measures.

In the Financial Markets segment, net income totalled $417 million in the first quarter of 2025, up 35% from $308 million in the corresponding quarter in 2024. Total revenues amounted to $907 million, compared to $647 million in the first quarter of 2024, a significant increase of $260 million or 40%. Global markets revenues were up 73% due to equities revenues and interest rate and credit revenues, partly offset by a decline in commodities and foreign exchange revenues. Corporate and investment banking revenues for the first quarter of 2025 increased 3% compared to the corresponding quarter in 2024 due to growth in banking service revenues and capital markets activity, partly offset by lower merger and acquisition revenues.

Non-interest expenses stood at $367 million in the first quarter of 2025, a 17% increase compared to the first quarter of 2024, attributable to higher compensation and employee benefits, notably caused by variable compensation resulting from revenue growth, as well as the increase in technology investment expenses and other expenses related to the segment's business growth. The efficiency ratio was 40.5% in the first quarter of 2025, an improvement of 7.9 percentage points from 48.4% in the first quarter of 2024, with the improvement owing to a sharp increase in the segment's revenues. For the quarter ended January 31, 2025, provisions for credit losses were up $19 million compared to the first quarter of 2024. This increase was essentially due to provisions for credit losses on impaired loans of $18 million recorded in the first quarter of 2025, while recoveries of credit losses on impaired loans of $2 million were recorded in the corresponding quarter of 2024.

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

(millions of Canadian dollars)	Quarter ended January 31		
	2025	2024	% Change
Total revenues			
Credigy	145	125	16
ABA Bank	248	194	28
International	12	7	
	405	326	24
Non-interest expenses			
Credigy	40	35	14
ABA Bank	83	65	28
International	–	–	
	123	100	23
Income before provisions for credit losses and income taxes	282	226	25
Provisions for credit losses			
Credigy	30	25	20
ABA Bank	21	11	91
International	–	–	
	51	36	42
Income before income taxes	231	190	22
Income taxes			
Credigy	16	14	14
ABA Bank	30	25	20
International	2	1	
	48	40	20
Net income			
Credigy	59	51	16
ABA Bank	114	93	23
International	10	6	
	183	150	22
Average assets(1)	31,197	26,025	20
Average loans and receivables(1)	23,428	20,787	13
Purchased or originated credit-impaired (POCI) loans	353	457	(23)
Net impaired loans excluding POCI loans(2)	663	329	102
Average deposits(1)	15,145	12,174	24
Efficiency ratio(2)	30.4 %	30.7 %	

(1) Represents an average of the daily balances for the period.
(2) See the Glossary section on pages 47 to 50 for details on the composition of these measures.

In the USSF&I segment, net income totalled $183 million in the first quarter of 2025, up 22% from $150 million in the corresponding quarter in 2024. The 24% growth in the segment's total revenues came from the Credigy and ABA Bank subsidiaries and was partly offset by the increase in non-interest expenses and provisions for credit losses.

Credigy
For the first quarter of 2025, Credigy reported net income of $59 million, up $8 million or 16% compared to the corresponding quarter in 2024. Total revenues amounted to $145 million in the first quarter of 2025 compared to $125 million in the first quarter of 2024, an increase that was driven by growth in loan volumes and the impact of exchange rate fluctuations. Non-interest expenses stood at $40 million in the first quarter of 2025, a $5 million increase from the corresponding quarter in 2024 due to compensation and employee benefits, professional fees as well as the impact of exchange rate fluctuations. Provisions for credit losses rose $5 million compared to the first quarter of 2024, due to higher provisions for credit losses on impaired loans, attributable to the normal maturation of loan portfolios, and provisions for credit losses on non-impaired loans, partly offset by the decrease in provisions for credit losses on POCI loans.

ABA Bank
For the first quarter of 2025, ABA Bank recorded net income totalling $114 million, up $21 million or 23% from the corresponding quarter in 2024. Total revenues rose 28%, mainly attributable to sustained growth in assets, lower interest expenses on deposits, as well as the impact of exchange rate fluctuations. Non-interest expenses for the first quarter of 2025 stood at $83 million, an $18 million or 28% increase compared to the first quarter of 2024 due to higher compensation and employee benefits, higher occupancy expenses driven by the subsidiary's business growth and the opening of new branches, and the impact of exchange rate fluctuations. The subsidiary reported provisions for credit losses totalling $21 million in the first quarter of 2025, up $10 million compared to the first quarter of 2024. This increase was due to higher provisions for credit losses on impaired loans and the change in provisions for credit losses on non-impaired loans.

Other

(millions of Canadian dollars)	Quarter ended January 31	
	2025	2024[1]
Operating results		
Net interest income	**(60)**	(65)
Non-interest income	**(49)**	(12)
Total revenues	**(109)**	(77)
Non-interest expenses	**74**	31
Income before provisions for credit losses and income taxes	**(183)**	(108)
Provisions for credit losses	**3**	(4)
Income before income taxes	**(186)**	(104)
Income taxes (recovery)	**(51)**	(33)
Net loss	**(135)**	(71)
Non-controlling interests	**–**	–
Net loss attributable to the Bank's shareholders and holders of other equity instruments	**(135)**	(71)
Less: Specified items after income taxes[2]	**(53)**	–
Net loss – Adjusted[2]	**(82)**	(71)
Average assets[3]	**68,746**	62,459

(1) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.
(2) See the Financial Reporting Method section on pages 4 to 9 for additional information on non-GAAP financial measures.
(3) Represents an average of the daily balances for the period.

For the *Other* heading of segment results, a net loss of $135 million was posted in the first quarter of 2025 compared to a net loss of $71 million in the corresponding quarter in 2024. The change in net loss was due to the amortization of subscription receipt issue costs of $20 million, net of income taxes, as well as a lower contribution from Treasury operations, in particular because of a loss of $17 million, net of income taxes, in connection with the management of fair value changes related to the acquisition of CWB. In addition, non-interest expenses were higher compared to the first quarter of 2024, mainly due in part to higher compensation and employee benefits and the CWB acquisition and integration charges. The specified items recorded in the first quarter of 2025, related to the acquisition of CWB, had an unfavourable impact of $53 million on net loss. The adjusted net loss stood at $82 million for the quarter ended January 31, 2025, compared to $71 million in the corresponding quarter in 2024.

Consolidated Balance Sheet

Consolidated Balance Sheet Summary

(millions of Canadian dollars)	**As at January 31, 2025**	As at October 31, 2024	% Change
Assets			
Cash and deposits with financial institutions	**34,608**	31,549	10
Securities	**159,086**	145,165	10
Securities purchased under reverse repurchase agreements and securities borrowed	**15,229**	16,265	(6)
Loans, net of allowances	**246,620**	243,032	1
Other	**28,290**	26,215	8
	483,833	462,226	5
Liabilities and equity			
Deposits	**351,095**	333,545	5
Other	**104,077**	101,873	2
Subordinated debt	**2,265**	1,258	80
Equity attributable to the Bank's shareholders and holders of other equity instruments	**26,395**	25,550	3
Non-controlling interests	**1**	–	
	483,833	462,226	5

Assets

As at January 31, 2025, the Bank had total assets of $483.8 billion, up $21.6 billion or 5% from $462.2 billion as at October 31, 2024. Cash and deposits with financial institutions as at January 31, 2025, stood at $34.6 billion, up $3.1 billion, owing primarily to an increase in deposits with regulated financial institutions, including the U.S. Federal Reserve, partly offset by a decrease in deposits with the Bank of Canada.

Securities have risen $13.9 billion since October 31, 2024, owing to a $10.6 billion or 9% increase in securities at fair value through profit or loss driven mainly by equity securities. Securities other than those measured at fair value through profit or loss were up $3.3 billion. Securities purchased under reverse repurchase agreements and securities borrowed decreased by $1.1 billion since October 31, 2024, driven primarily by the Financial Markets segment activities.

As at January 31, 2025, loans, net of allowances for credit losses, totalled $246.6 billion, up $3.6 billion or 1% since October 31, 2024. The following table provides a breakdown of the main loan portfolios.

(millions of Canadian dollars)	As at January 31, 2025	As at October 31, 2024	As at January 31, 2024
Loans			
Residential mortgage and home equity lines of credit	**126,916**	124,431	117,883
Personal	**17,495**	17,461	16,948
Credit card	**2,710**	2,761	2,541
Business and government[(1)]	**100,982**	99,720	93,996
	248,103	244,373	231,368
Allowances for credit losses	**(1,483)**	(1,341)	(1,211)
	246,620	243,032	230,157

(1) Including customers' liability under acceptances as at January 31, 2024.

Since October 31, 2024, residential mortgages (including home equity lines of credit) rose $2.5 billion or 2% given the business activities of the Personal and Commercial segment, the Financial Markets segment, and the Credigy and ABA Bank subsidiaries. Also since October 31, 2024, personal loans were relatively stable, credit card receivables were down slightly. Business and government loans rose $1.3 billion or 1%, mainly due to business growth in Commercial Banking, in the Wealth Management segment, and at the Credigy and ABA Bank subsidiaries. These increases were partly offset by a decline in the Financial Markets segment activities.

Since January 31, 2024, loans, net of allowances for credit losses, grew $16.4 billion or 7%. Residential mortgages (including home equity lines of credit) rose $9.0 billion or 8% due to sustained demand for mortgage credit in the Personal and Commercial segment and to business growth in the Financial Markets segment and at the ABA Bank and Credigy subsidiaries. Also since January 31, 2024, personal loans rose $0.6 billion, credit card receivables were up $0.2 billion. Business and government loans grew $7.0 billion or 7%, owing essentially to greater business activity in Commercial Banking, in the Financial Markets and Wealth Management segments, and at the ABA Bank and Credigy subsidiaries, partly offset by a decrease in Treasury activities.

Impaired loans include all loans classified in Stage 3 of the expected credit loss model and POCI loans. As at January 31, 2025, gross impaired loans stood at $2,341 million compared to $2,043 million as at October 31, 2024. As for net impaired loans, they totalled $1,836 million as at January 31, 2025, compared to $1,629 million as at October 31, 2024. Net impaired loans excluding POCI loans amounted to $1,366 million as at January 31, 2025, rising $222 million from $1,144 million as at October 31, 2024. This increase was mainly due to an increase in net impaired loans in the loan portfolios of Commercial Banking, the Financial Markets segment, and the ABA Bank subsidiary. Net POCI loans stood at $470 million as at January 31, 2025 compared to $485 million as at October 31, 2024, a decrease due to the maturities of certain portfolios and to loan repayments.

As at January 31, 2025, other assets totalled $28.3 billion, a $2.1 billion increase since October 31, 2024 that resulted mainly from an increase in derivative financial instruments.

Liabilities
As at January 31, 2025, the Bank had total liabilities of $457.4 billion compared to $436.7 billion as at October 31, 2024.

The Bank's total deposits stood at $351.1 billion as at January 31, 2025, rising $17.6 billion or 5% from $333.5 billion as at October 31, 2024. As at January 31, 2025, personal deposits stood at $98.9 billion, rising $3.7 billion since October 31, 2024. This increase was driven by business growth in Personal Banking, in both the Financial Markets and Wealth Management segments, and at the ABA Bank subsidiary.

Business and government deposits stood at $246.5 billion as at January 31, 2025, rising $13.8 billion since October 31, 2024. The increase came from Treasury funding activities (including $0.3 billion in deposits subject to bank recapitalization (bail-in) conversion regulations), and from the activities of the Financial Markets and Wealth Management segments. As at January 31, 2025, deposits from deposit-taking institutions stood at $5.8 billion, an increase of $0.2 billion since October 31, 2024 arising from Treasury funding activities.

As at January 31, 2025, other liabilities stood at $104.1 billion, up $2.2 billion since October 31, 2024, essentially due a $2.9 billion increase in derivative financial instruments and a $0.7 billion increase in obligations related to securities sold short. These increases were partly offset by a $0.8 billion decrease in obligations related to securities sold under repurchase agreements and securities loaned and a $0.3 billion decrease in liabilities related to transferred receivables.

Subordinated debt increased since October 31, 2024, as a result of the $1.0 billion issuance of medium-term notes on January 13, 2025.

Equity
As at January 31, 2025, equity attributable to the Bank's shareholders and holders of other equity instruments was $26.4 billion, rising $0.8 billion since October 31, 2024. This increase was due to net income net of dividends, issuances of common shares under the Stock Option Plan, and foreign currency translation adjustments. These increases were partly offset by the net change in gains (losses) on cash flow hedges.

Events After the Consolidated Balance Sheet Date

Canadian Western Bank (CWB) Acquisition
On February 3, 2025, the Bank completed the acquisition of CWB, a diversified financial services institution based in Edmonton, Alberta, in which the Bank had already been holding a 5.9% equity interest. This transaction will enable the Bank to accelerate its growth across Canada. The business combination brings together two complementary Canadian banks with growing businesses, thereby enhancing customer service by offering a full range of products and services nationwide, with a regionally focused service model.

The total consideration transferred of $6.8 billion included $5.3 billion for 100% of the common shares of CWB acquired by way of a share exchange at an exchange ratio of 0.450 of a common share of the National Bank for each CWB common share, other than those held by the National Bank, $1.4 billion for the settlement of pre-existing relationships and $0.1 billion for the issuance of replacement share-based payment awards. The fair value of the Bank's common shares issued was determined on the basis of the share price on the Toronto Stock Exchange (TSX) at closing on January 31, 2025 being a price of $128.99 per share. At acquisition date, the Bank obtained a 100% interest in the CWB voting shares and the 5.9% previously held interest was remeasured to its fair value of $0.3 billion. The non-controlling interest in CWB recognized at acquisition date was measured at a fair value of $0.6 billion and represents CWB's preferred shares and Limited Recourse Capital Notes (LRCN) outstanding on that date. Total purchase consideration amounted to $7.7 billion.

Based on the estimated fair values, the preliminary purchase price allocation assigns $45.5 billion to assets and $37.8 billion to liabilities at acquisition date. Estimated goodwill of $1.6 billion reflects the expected expense synergies from our Personal and Commercial and Wealth Management banking services operations and the expected growth of the technology platforms. Goodwill is not deductible for tax purposes. The results of CWB will be consolidated in the Bank's financial statements as of February 3, 2025.

Prior to the closing of the CWB acquisition, the Bank had entered into interest rate swaps to hedge its exposure to changes in goodwill and capital due to changes in interest rates. On the closing date, swaps that were not designated in hedging relationships were neutralized while others were de-designated from hedging relationships. These operations economically offset the changes in fair value of the assets and liabilities of CWB and resulted in the subsequent amortization of the hedges.

<u>Issuance of Common Shares</u>
On February 3, 2025, the Bank issued a total of 50,272,878 common shares, for a total proceed of $6.3 billion, which increased *Common share* capital by $6.3 billion. This issuance includes 41,010,378 common shares at a price of $128.99 per share from the share exchange and 9,262,500 common shares at a price of $112.30 per share from the automatic exchange of subscription receipts. For additional information on subscription receipts, see Note 10 to the Consolidated Financial Statements.

<u>Exchange of Preferred Shares and Redemption of Other Equity Instruments</u>
As of February 4, 2025, certain amendments previously approved by the holders of the outstanding first preferred shares and LRCN of CWB, which permit the exchange of the first preferred shares of CWB for substantially equivalent first preferred shares of National Bank and the early redemption of the LRCN, were implemented.

On February 20, 2025, all the issued and outstanding Series 5 and Series 9 First Preferred Shares of CWB were exchanged for substantially equivalent Series 47 and Series 49 First Preferred Shares of National Bank, which are non-cumulative 5-year rate-reset bearing interest at 6.371% and 7.651%. The Bank exchanged 10,000,000 preferred shares for a total amount of $268 million, which reduced the *Non-controlling interest* by $268 million, increased *Preferred Share* capital by $264 million and increased *Retained earnings* by $4 million. Consent fees related to the exchange amounting to $2 million, net of income taxes, were recorded in *Retained earnings*. Given the Series 47 and Series 49 preferred shares meet the non-viability contingent capital requirements (NVCC), these shares are eligible for regulatory capital purposes under the Basel III rules. Also, the Bank redeemed 175,000 LRCN – Series 1 and 150,000 LRCN – Series 2 of CWB for a total amount of $335 million, including consent fees, which reduced the *Non-controlling interest* by $325 million and decreased *Retained earnings* by $7 million, net of income taxes.

Redemption of Preferred Shares
On February 17, 2025, the first business day after the February 15, 2025 set redemption date, the Bank redeemed all of the issued and outstanding Non-Cumulative 5-Year Rate Reset Series 32 First Preferred Shares. Pursuant to the share conditions, the redemption price was $25.00 per share plus the periodic dividends declared and unpaid. The Bank redeemed 12,000,000 Series 32 preferred shares for a total amount of $300 million which reduced *Preferred share* capital.

Related Party Transactions

The Bank's policies and procedures regarding related party transactions have not significantly changed since October 31, 2024. For additional information, see Note 30 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024.

Securitization and Off-Balance-Sheet Arrangements

In the normal course of business, the Bank is party to various financial arrangements that, under IFRS Accounting Standards, are not required to be recorded on the Consolidated Balance Sheet or are recorded under amounts other than their notional or contractual values. These arrangements include, among others, transactions with structured entities, derivative financial instruments, the issuance of guarantees, credit instruments, and financial assets received as collateral. A complete analysis of these types of arrangements, including their nature, business purpose, and importance, is provided on pages 53 and 54 of the *2024 Annual Report*.

For additional information on financial assets transferred but not derecognized, guarantees, commitments, and structured entities, see Notes 9, 28, and 29 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024.

Income Taxes

Pillar 2 Rules
On June 20, 2024, Bill C-69 – *An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024* received royal assent. The bill included the Pillar 2 rules (global minimum tax) published by the Organisation for Economic Co-operation and Development (OECD) that are applicable to fiscal years beginning on or after December 31, 2023 (November 1, 2024, for the Bank). To date, the Pillar 2 rules have been included in a bill or enacted in certain jurisdictions where the Bank operates. For the quarter ended January 31, 2025, the Bank estimates that the application of the Pillar 2 rules represents an increase in the effective tax rate of 1.9%. For the quarter ended January 31, 2025, the Bank continues to apply the exception to the recognition and disclosure of information of deferred tax assets and liabilities arising from the Pillar 2 rules in the jurisdictions where they have been included in a bill or enacted.

Capital Management

Capital management has a dual role of ensuring a competitive return to the Bank's shareholders while maintaining a solid capital foundation that covers the risks inherent to the Bank's business activities, supports its business segments, and protects its clients. The Bank's capital management policy defines the guiding principles as well as the roles and responsibilities of its internal capital adequacy assessment process. This process aims to determine the capital that the Bank needs to maintain to pursue its business activities and accommodate unexpected losses arising from extremely adverse economic and operational conditions. For additional information on the capital management framework, see the Capital Management section on pages 55 to 64 of the Bank's *2024 Annual Report*.

Basel Accord
The Bank and all other major Canadian banks have to maintain the following minimum capital ratios established by OSFI: a CET1 capital ratio of at least 11.5%, a Tier 1 capital ratio of at least 13.0%, and a Total capital ratio of at least 15.0%. For additional information on the ratio calculations, see pages 56 to 58 of the *2024 Annual Report*. All of these ratios include a capital conservation buffer of 2.5% established by the BCBS and OSFI, a 1.0% surcharge applicable solely to Domestic Systemically Important Banks (D-SIBs), and a 3.5% domestic stability buffer (DSB) established by OSFI. The DSB, which can vary from 0% to 4.0% of risk-weighted assets (RWA), consists exclusively of CET1 capital. A D-SIB that fails to meet this buffer requirement will not be subject to automatic constraints to reduce capital distributions but will have to provide a remediation plan to OSFI. The Bank must also meet the requirements of the capital output floor that will ensure that its total calculated RWA is not below 72.5% of the total RWA as calculated under the Basel III Standardized Approaches. OSFI had planned a phase-in of the floor factor, starting at 65.0% in the second quarter of 2023, and rising to reach 72.5% in fiscal 2027. On February 12, 2025, OSFI deferred any additional increases until further notice. As a result, the floor factor, currently set at 67.5%, will remain at this level for an undetermined period. If the capital requirement is less than the capital output floor requirement after applying the floor factor, the difference is added to the total RWA. Lastly, OSFI requires D-SIBs to maintain a Basel III leverage ratio of at least 3.5%, which includes a Tier 1 capital buffer of 0.5% applicable only to D-SIBs. For additional information on the leverage ratio calculation, see page 58 of the *2024 Annual Report*.

In addition, OSFI requires that regulatory capital instruments other than common equity must have a non-viability contingent capital (NVCC) clause to ensure that investors bear losses before taxpayers should the government determine that rescuing a non-viable financial institution is in the public interest. The Bank's regulatory capital instruments, other than common shares, all have an NVCC clause.

OSFI's *Total Loss Absorbing Capacity* (TLAC) *Guideline*, which applies to all D-SIBs under the federal government's bail-in regulations, is intended to ensure that a D-SIB has sufficient loss-absorbing capacity to support its internal recapitalization in the unlikely event it becomes non-viable. Available TLAC includes total capital as well as certain senior unsecured debts that satisfy all of the eligibility criteria of OSFI's TLAC guideline. OSFI requires D-SIBs to maintain a risk-based TLAC ratio of at least 25.0% (including the DSB) of RWA and a TLAC leverage ratio of at least 7.25%. The TLAC ratio is calculated by dividing available TLAC by RWA, and the TLAC leverage ratio is calculated by dividing available TLAC by total exposure. As at January 31, 2025, outstanding liabilities of $23.8 billion ($23.5 billion as at October 31, 2024) were subject to conversion under the bail-in regulations.

Requirements – Regulatory Capital[1], Leverage[1], and TLAC[2] Ratios

	Requirements as at January 31, 2025							
	Minimum	Capital conservation buffer	Minimum set by BCBS	D-SIB surcharge	Minimum set by OSFI	Domestic stability buffer[3]	Minimum set by OSFI, including the domestic stability buffer	Ratios as at January 31, 2025
Capital ratios								
CET1	4.5 %	2.5 %	7.0 %	1.0 %	8.0 %	3.5 %	11.5 %	13.6 %
Tier 1[4]	6.0 %	2.5 %	8.5 %	1.0 %	9.5 %	3.5 %	13.0 %	15.5 %
Total[4]	8.0 %	2.5 %	10.5 %	1.0 %	11.5 %	3.5 %	15.0 %	17.1 %
Leverage ratio[4]	3.0 %	n.a.	3.0 %	0.5 %	3.5 %	n.a.	3.5 %	4.3 %
TLAC ratio	21.5 %	n.a.	21.5 %	n.a.	21.5 %	3.5 %	25.0 %	31.2 %
TLAC leverage ratio	6.75 %	n.a.	6.75 %	0.5 %	7.25 %	n.a.	7.25 %	8.7 %

n.a. Not applicable
(1) 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) The TLAC ratio and the TLAC leverage ratio are calculated in accordance with OSFI's *Total Loss Absorbing Capacity Guideline*.
(3) On December 17, 2024, OSFI confirmed that the domestic stability buffer was being maintained at 3.5%.
(4) Figures as at January 31, 2025 include the redemption of the Series 32 preferred shares completed on February 17, 2025.

The Bank ensures that its capital levels are always above the minimum capital requirements set by OSFI, including the DSB. By maintaining a strong capital structure, the Bank can cover the risks inherent to its business activities, support its business segments, and protect its clients.

Other disclosure requirements pursuant to Pillar 3 of the Basel Accord and a set of recommendations defined by the Enhanced Disclosure Task Force (EDTF) are presented in the *Supplementary Regulatory Capital and Pillar 3 Disclosure* report published quarterly and available on the Bank's website at nbc.ca. Furthermore, a complete list of capital instruments and their main features is also available on the Bank's website.

Regulatory Developments

The Bank closely monitors regulatory developments and participates actively in various consultative processes. For additional information about the regulatory context as at October 31, 2024, refer to page 59 of the Capital Management section in the *2024 Annual Report*. Since November 1, 2024, there have been no new regulatory developments to be considered.

Management Activities

On January 13, 2025, the Bank issued medium-term notes for a total amount of $1.0 billion bearing interest at 4.260% and maturing on February 15, 2035. Given that the medium-term notes satisfy the NVCC requirements, they qualify for the purposes of calculating regulatory capital under the Basel III rules.

On February 17, 2025, i.e., the first business day after the February 15, 2025 redemption date the Bank redeemed all the issued and outstanding Non-Cumulative 5-Year Rate-Reset Series 32 First Preferred Shares. Pursuant to the share conditions, the redemption price was $25.00 per share plus the periodic dividends declared and unpaid. The Bank redeemed 12,000,000 Series 32 First Preferred Shares for a total amount of $300 million. These instruments were excluded from the capital ratio calculations as at January 31, 2025.

Dividends
On February 25, 2025, the Board of Directors declared regular dividends on the various series of first preferred shares and a dividend of $1.14 per common share, payable on May 1, 2025 to shareholders of record on March 31, 2025.

Shares, Other Equity Instruments, and Stock Options

	As at January 31, 2025	
	Number of shares or LRCN(1)	$ million
First preferred shares		
Series 30	14,000,000	350
Series 32	12,000,000	300
Series 38	16,000,000	400
Series 40	12,000,000	300
Series 42	12,000,000	300
	66,000,000	1,650
Other equity instruments		
LRCN – Series 1	500,000	500
LRCN – Series 2	500,000	500
LRCN – Series 3	500,000	500
	1,500,000	1,500
	67,500,000	3,150
Common shares	341,085,205	3,485
Stock options	11,061,775	

(1) Limited Recourse Capital Notes (LRCN).

As at February 21, 2025, there were 391,216,059 common shares and 11,778,661 stock options outstanding. The number of common shares and options outstanding reflects the closing of the CWB transaction. NVCC provisions require the conversion of capital instruments into a variable number of common shares should OSFI deem a bank to be non-viable or should the government publicly announce that a bank has accepted or agreed to accept a capital injection. If an NVCC trigger event were to occur, all of the Bank's preferred shares, LRCNs, and medium-term notes maturing on August 16, 2032, February 15, 2034, and February 15, 2035, which are NVCC capital instruments, would be converted into common shares of the Bank according to an automatic conversion formula at a conversion price corresponding to the greater of the following amounts: (i) a $5.00 contractual floor price; or (ii) the market price of the Bank's common shares on the date of the trigger event (10-day weighted average price). Based on a $5.00 floor price and including an estimate for accrued dividends and interest, these NVCC capital instruments would be converted into a maximum of 1,264 million Bank common shares, which would have a 78.7% dilutive effect based on the number of Bank common shares outstanding as at January 31, 2025. The Series 32 preferred shares redeemed on February 17, 2025 for a total amount of $300 million were excluded from the calculation.

Movement in Regulatory Capital[1]

(millions of Canadian dollars)	Quarter ended January 31, 2025
Common Equity Tier 1 (CET1) capital	
Balance at beginning	19,321
Issuance of common shares (including Stock Option Plan)	25
Impact of shares purchased or sold for trading	(6)
Repurchase of common shares	–
Other contributed surplus	2
Dividends on preferred and common shares and distributions on other equity instruments	(434)
Net income attributable to the Bank's shareholders and holders of other equity instruments	997
Removal of own credit spread (net of income taxes)	(20)
Other	45
Movements in accumulated other comprehensive income	
Translation adjustments	249
Debt securities at fair value through other comprehensive income	4
Other	–
Change in goodwill and intangible assets (net of related tax liability)	(1)
Other, including regulatory adjustments	
Change in defined benefit pension plan asset (net of related tax liability)	(25)
Change in amount exceeding 15% threshold	
Deferred tax assets	–
Significant investment in common shares of financial institutions	–
Deferred tax assets, unless they result from temporary differences (net of related tax liability)	(6)
Other deductions or regulatory adjustments to CET1 implemented by OSFI	(16)
Change in other regulatory adjustments	6
Balance at end	20,141
Additional Tier 1 capital	
Balance at beginning	3,149
New Tier 1 eligible capital issuances	–
Redeemed capital[2]	(300)
Other, including regulatory adjustments	(4)
Balance at end	2,845
Total Tier 1 capital	**22,986**
Tier 2 capital	
Balance at beginning	1,531
New Tier 2 eligible capital issuances	1,000
Redeemed capital	–
Tier 2 instruments issued by subsidiaries and held by third parties	–
Change in certain allowances for credit losses	57
Other, including regulatory adjustments	(141)
Balance at end	2,447
Total regulatory capital	**25,433**

(1) See the Financial Reporting Method section on pages 4 to 9 for additional information on capital management measures.
(2) Figures as at January 31, 2025 include the redemption of the Series 32 preferred shares completed on February 17, 2025.

Risk-Weighted Assets by Key Risk Drivers

Risk-weighted assets (RWA) amounted to $148.5 billion as at January 31, 2025 compared to $141.0 billion as at October 31, 2024, a $7.5 billion increase resulting mainly from organic growth in RWA, foreign exchange movements and a deterioration in the credit quality of the loan portfolio. The changes in the Bank's RWA by risk type are presented in the following table.

Movement of Risk-Weighted Assets by Key Drivers[1]

(millions of Canadian dollars)				Quarter ended
			January 31, 2025	October 31, 2024
	Non-counterparty credit risk	Counterparty credit risk	Total	Total
Credit risk – Risk-weighted assets at beginning	**112,005**	**6,445**	**118,450**	116,684
Book size	**3,073**	**374**	**3,447**	1,067
Book quality	**768**	**17**	**785**	(70)
Model updates	**–**	**–**	**–**	439
Methodology and policy	**–**	**–**	**–**	–
Acquisitions and disposals	**–**	**–**	**–**	–
Foreign exchange movements	**1,607**	**154**	**1,761**	330
Credit risk – Risk-weighted assets at end	**117,453**	**6,990**	**124,443**	118,450
Market risk – Risk-weighted assets at beginning			**8,002**	8,066
Movement in risk levels[2]			**1,144**	(64)
Model updates			**–**	–
Methodology and policy			**–**	–
Acquisitions and disposals			**–**	–
Market risk – Risk-weighted assets at end			**9,146**	8,002
Operational risk – Risk-weighted assets at beginning			**14,523**	14,168
Movement in risk levels			**352**	355
Methodology and policy			**–**	–
Acquisitions and disposals			**–**	–
Operational risk – Risk-weighted assets at end			**14,875**	14,523
Risk-weighted assets at end			**148,464**	140,975

(1) See the Financial Reporting Method section on pages 4 to 9 for additional information on capital management measures.
(2) Also includes foreign exchange rate movements that are not considered material.

The table above provides risk-weighted asset movements by the key drivers underlying the different risk categories.

The *Book size* item reflects organic changes in book size and composition (including new loans and maturing loans). RWA movements attributable to book size include increases or decreases in exposures, measured by exposure at default, assuming a stable risk profile.

The *Book quality* item is the Bank's best estimate of changes in book quality related to experience, such as underlying customer behaviour or demographics, including changes resulting from model recalibrations or realignments and also including risk mitigation factors.

The *Model updates* item is used to reflect implementations of new models, changes in model scope, or any other change applied to address model malfunctions.

The *Methodology and policy* item presents the impact of changes in calculation methods resulting from changes in regulatory policies or from new regulations.

Regulatory Capital Ratios, Leverage Ratio, and TLAC Ratios

As at January 31, 2025, the Bank's CET1, Tier 1, and Total capital ratios were, respectively, 13.6%, 15.5%, and 17.1% compared to ratios of, respectively, 13.7%, 15.9%, and 17.0% as at October 31, 2024. The CET1 ratio and the Tier 1 capital ratio decreased since October 31, 2024, whereas the Total capital ratio increased slightly. The growth in RWA had an unfavourable impact on the ratios, partly offset by net income, net of dividends. The $300 million redemption of preferred shares on February 17, 2025, which is already excluded from the capital ratio calculations as at January 31, 2025, had negatively affected the Tier 1 capital ratio, while the $1.0 billion issuance of medium-term notes, on January 13, 2025, had a favourable impact on the Total capital ratio.

As at January 31, 2025, the leverage ratio was 4.3% compared to 4.4% as at October 31, 2024. The decrease in the leverage ratio was essentially due to growth in total exposure, partly offset by growth in Tier 1 capital.

As at January 31, 2025, the Bank's TLAC ratio and TLAC leverage ratio were, respectively, 31.2% and 8.7% compared to 31.2% and 8.6%, respectively, as at October 31, 2024. The TLAC ratio remained stable and the increase in TLAC leverage ratio is primarily explained by the net issuances of instruments that met all of the TLAC eligibility criteria during the first quarter of 2025.

During the quarter ended January 31, 2025, the Bank was compliant 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 January 31, 2025	As at October 31, 2024
Capital		
CET1	20,141	19,321
Tier 1[(3)]	22,986	22,470
Total[(3)]	25,433	24,001
Risk-weighted assets	148,464	140,975
Total exposure	534,461	511,160
Capital ratios		
CET1	13.6 %	13.7 %
Tier 1[(3)]	15.5 %	15.9 %
Total[(3)]	17.1 %	17.0 %
Leverage ratio[(3)]	4.3 %	4.4 %
Available TLAC	46,331	44,040
TLAC ratio	31.2 %	31.2 %
TLAC leverage ratio	8.7 %	8.6 %

(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) Figures as at January 31, 2025 include the redemption of the Series 32 preferred shares completed on February 17, 2025.

Public Disclosure Requirements for Global Systemically Important Banks

The BCBS developed an assessment methodology and additional loss absorbency requirements as well as indicators to be used by the BCBS and the Financial Stability Board to evaluate Global Systemically Important Banks (G-SIBs). The annual public disclosure requirements apply to large, globally active banks.

The most recent version of OSFI's advisory entitled *Global Systemically Important Banks – Public Disclosure Requirements* regarding implementation of public disclosure requirements for G-SIBs in Canada took effect in 2022. Canadian banks, including the Bank, that have not been designated as G-SIBs and that have total exposure (as calculated using the Basel III leverage ratio) greater than 200 billion euros at fiscal year-end must publish the indicators annually. The indicators are calculated and presented in accordance with specific BCBS guidelines, which are updated annually. Consequently, the values obtained may not be comparable to the other measures presented in this report. The following table presents the indicators used in the BCBS's assessment methodology for evaluating G-SIBs.

Indicators – Global Systemically Important Banks (G-SIBs)[1]

(millions of Canadian dollars)			As at October 31
Category	**Indicators**	**2024**	**2023**
Cross-jurisdictional activity[2]	Cross-jurisdictional claims	139,164	117,016
	Cross-jurisdictional liabilities	138,198	90,476
Size[3]	Total exposures as defined for use in the Basel III leverage ratio[4]	513,566	459,090
Interconnectedness[5]	Intra-financial system assets[4]	74,527	73,022
	Intra-financial system liabilities[4]	41,491	38,238
	Securities outstanding[4]	150,887	109,831
Substitutability / financial institutions infrastructure[6]	Payment activity[7]	14,480,595	16,801,902
	Assets under custody	765,929	652,463
	Underwritten transactions in debt and equity markets	46,856	31,821
	Trading volume[8]		
	Fixed-income securities[8]	924,734	845,554
	Equities and other securities[8]	1,513,131	1,124,984
Complexity[9]	Notional amount of over-the-counter derivative financial instruments[4]	2,261,187	1,847,636
	Trading and investment securities	67,274	54,740
	Level 3 financial assets[4]	1,360	1,226

(1) The G-SIB indicators are prepared using the methodology prescribed in the BCBS guidelines published in July 2018 and are calculated using the specific instructions updated by the BCBS each year.
(2) Represents the Bank's level of interaction outside Canada.
(3) Represents the Bank's total on-and-off balance sheet exposures, as determined by OSFI's Basel III leverage ratio rules before regulatory adjustments.
(4) Includes insurance activities.
(5) Represents transactions with other financial institutions.
(6) Represents the extent to which the Bank's services could be substituted by other institutions.
(7) For the fiscal years ended October 31, 2024 and 2023.
(8) This indicator consists of two sub-indicators: fixed-income securities as well as equities and other securities.
(9) Includes the level of complexity and volume of the Bank's trading activities represented through derivative financial instruments, trading securities, investment securities, and Level 3 financial assets.

Risk Management

Risk-taking is intrinsic to a financial institution's business. The Bank views risk as an integral part of its development and the diversification of its activities. It advocates a risk management approach that is consistent with its business strategy. The Bank voluntarily exposes itself to certain risk categories, particularly credit and market risk, in order to generate revenue. It also assumes certain risks that are inherent to its activities—to which it does not choose to expose itself—and that do not generate revenue, i.e., mainly operational risks.

Risks	Description
Emerging risks – Tariffs on imports	In recent weeks, the new U.S administration issued executive orders directing the United States to impose new tariffs on imports from certain countries, including Canada. Such announcements and a potential tariff response strategy may create uncertainty, which has permeated the economic and investment outlook, impacting current economic conditions, including such issues as the inflation rate and the global supply chain. Aside from its impact on the global economy, the new tariff conflict may continue to have repercussions on the Bank and its clients. In light of these recent developments, the Bank is closely monitoring the impacts and potential consequences on its financial position and that of its clients. Given these circumstances, this conflict may put into perspective many of the top and emerging risks to which the Bank is exposed, including credit risk, market risk, liquidity and funding risk, operational risk, strategic risk and third-party risk. The extent to which entities will be affected depends largely on the nature and duration of uncertain and unpredictable events, such as the duration or escalation of the tariffs, the evolution of retaliatory measures, possible fiscal or monetary policy responses, and reactions to ongoing changes by global financial markets.

Despite the exercise of stringent risk management and existing mitigation measures, risk cannot be eliminated entirely, and residual risks may occasionally cause losses. Certain risks are discussed hereafter. For additional information, see the Risk Management section on pages 65 to 112 of the *2024 Annual Report.* Risk management information is also provided in Note 6 to the consolidated financial statements, which covers loans.

Credit Risk

Credit risk is the risk of incurring a financial loss if an obligor does not fully honour its contractual commitments to the Bank. Obligors may be borrowers, issuers, guarantors or counterparties. General economic and market conditions in Canada, the U.S. and other countries in which the Bank operates are currently difficult to predict due in part to measures affecting trade relations between Canada and its partners. The imposition of tariffs and the measures taken in response, as well as the possible impacts on our customers, could have an impact on a debtor's ability to repay. Credit risk is the most significant risk facing the Bank in the normal course of its business.

Between March 2, 2022 and July 12, 2023, the Bank of Canada raised its policy rate ten times; the rate has thus risen from 0.25% to 5%. This rapid increase in rates, undertaken primarily to counter inflation in Canada, continues to put pressure on the ability of borrowers to make payments, notably borrowers with variable-rate mortgages or for whom the mortgage term is up for renewal. Over the course of its last six announcements, from June 5, 2024 to January 29, 2025, the Bank of Canada lowered its policy rate from 5% to 3%.

Regulatory Developments

The Bank closely monitors regulatory developments and is actively involved in the various consultation processes. For additional information about the regulatory context as at October 31, 2024, see page 81 of the Risk Management section of the *2024 Annual Report*. In addition, since November 1, 2024, there have been no new regulatory developments to consider.

The amounts in the following tables represent the Bank's maximum exposure to credit risk as at the financial reporting date without considering any collateral held or any other credit enhancements. These amounts do not include allowances for credit losses nor amounts pledged as collateral. The tables also exclude equity securities.

Maximum Credit Risk Exposure Under the Basel Asset Categories(1)

(millions of Canadian dollars)								As at January 31, 2025
	Drawn(2)	Undrawn commitments	Repo-style transactions(3)	Derivative financial instruments	Other off-balance-sheet items(4)	Total	Standardized Approach(5)	IRB Approach
Retail								
Residential mortgages	81,492	8,956	–	–	–	90,448	13 %	87 %
Qualifying revolving retail	4,123	12,179	–	–	–	16,302	– %	100 %
Other retail	17,309	2,619	–	–	37	19,965	14 %	86 %
	102,924	23,754	–	–	37	126,715		
Non-retail								
Corporate	98,286	32,540	52,635	195	9,610	193,266	21 %	79 %
Sovereign	70,699	8,765	92,338	–	300	172,102	3 %	97 %
Financial institutions	10,288	1,089	148,520	3,221	1,853	164,971	23 %	77 %
	179,273	42,394	293,493	3,416	11,763	530,339		
Trading portfolio	–	–	–	18,137	–	18,137	3 %	97 %
Securitization	3,766	–	–	–	6,856	10,622	100 %	– %
Total – Gross credit risk	285,963	66,148	293,493	21,553	18,656	685,813	16 %	84 %
Standardized Approach(5)	42,889	1,268	54,635	3,485	7,583	109,860		
IRB Approach	243,074	64,880	238,858	18,068	11,073	575,953		
Total – Gross credit risk	285,963	66,148	293,493	21,553	18,656	685,813	16 %	84 %

(millions of Canadian dollars)								As at October 31, 2024
	Drawn(2)	Undrawn commitments	Repo-style transactions(3)	Derivative financial instruments	Other off-balance-sheet items(4)	Total	Standardized Approach(5)	IRB Approach
Retail								
Residential mortgages	80,861	8,905	–	–	–	89,766	13 %	87 %
Qualifying revolving retail	3,335	11,867	–	–	–	15,202	– %	100 %
Other retail	17,237	2,526	–	–	37	19,800	13 %	87 %
	101,433	23,298	–	–	37	124,768		
Non-retail								
Corporate	96,023	31,921	42,395	234	8,813	179,386	21 %	79 %
Sovereign	65,758	5,982	79,859	–	283	151,882	3 %	97 %
Financial institutions	8,797	1,095	133,787	2,640	1,700	148,019	22 %	78 %
	170,578	38,998	256,041	2,874	10,796	479,287		
Trading portfolio	–	–	–	17,507	–	17,507	3 %	97 %
Securitization	4,885	–	–	–	6,480	11,365	93 %	7 %
Total – Gross credit risk	276,896	62,296	256,041	20,381	17,313	632,927	16 %	84 %
Standardized Approach(5)	39,868	1,209	47,241	2,870	7,015	98,203		
IRB Approach	237,028	61,087	208,800	17,511	10,298	534,724		
Total – Gross credit risk	276,896	62,296	256,041	20,381	17,313	632,927	16 %	84 %

(1) See the Financial Reporting Method section on pages 4 to 9 for additional information on capital management measures.
(2) Excludes equity securities and certain other assets such as investments in deconsolidated subsidiaries and joint ventures, right-of-use properties and assets, goodwill, deferred tax assets, and intangible assets.
(3) Securities purchased under reverse repurchase agreements and sold under repurchase agreements as well as securities loaned and borrowed.
(4) Letters of guarantee, documentary letters of credit, and securitized assets that represent the Bank's commitment to make payments in the event that an obligor cannot meet its financial obligations to third parties.
(5) Includes exposures to qualifying central counterparties (QCCP).

To meet OSFI's mortgage loan disclosure requirements, additional information has been provided in the documents *Supplementary Financial Information – First Quarter 2025* and *Supplementary Regulatory Capital and Pillar 3 Disclosure – First Quarter 2025,* which are available on the Bank's website at nbc.ca.

Market Risk

Market risk is the risk of financial losses arising from movements in market prices. The Bank is exposed to market risk through its participation in trading, investment, and asset/liability management activities. In recent years, the Bank has been operating in a volatile environment. The geopolitical landscape, notably the measures affecting trade relations between Canada and its partners, including the imposition of tariffs and any measures taken in response to such tariffs, the Russia-Ukraine war and clashes between Israel and Hamas, inflation, climate change, and high interest rates continue to create uncertainty.

The following tables provide a breakdown of the Bank's Consolidated Balance Sheet into financial assets and liabilities by those that carry market risk and those that do not carry market risk, distinguishing between trading positions whose main risk measures are Value-at-Risk (VaR) and non-trading positions that use other risk measures.

Reconciliation of Market Risk With Consolidated Balance Sheet Items

(millions of Canadian dollars)					As at January 31, 2025
		Market risk measures			
	Balance sheet	Trading(1)	Non-trading(2)	Not subject to market risk	Non-traded risk primary risk sensitivity
Assets					
Cash and deposits with financial institutions	34,608	375	26,986	7,247	Interest rate(3)
Securities					
At fair value through profit or loss	126,536	123,617	2,919	–	Interest rate(3) and equity
At fair value through other comprehensive income	16,428	–	16,428	–	Interest rate(3) and equity(4)
At amortized cost	16,122	–	16,122	–	Interest rate(3)
Securities purchased under reverse repurchase agreements and securities borrowed	15,229	–	15,229	–	Interest rate(3)(5)
Loans, net of allowances	246,620	15,227	231,393	–	Interest rate(3)
Derivative financial instruments	14,164	13,614	550	–	Interest rate and exchange rate
Defined benefit asset	518	–	518	–	Other
Other	13,608	521	–	13,087	
	483,833	153,354	310,145	20,334	
Liabilities					
Deposits	351,095	32,952	318,143	–	Interest rate(3)
Obligations related to securities sold short	11,575	11,575	–	–	
Obligations related to securities sold under repurchase agreements and securities loaned	37,359	–	37,359	–	Interest rate(3)(5)
Derivative financial instruments	18,724	17,819	905	–	Interest rate and exchange rate
Liabilities related to transferred receivables	28,112	10,118	17,994	–	Interest rate(3)
Defined benefit liability	105	–	105	–	Other
Other	8,202	–	–	8,202	Interest rate(3)
Subordinated debt	2,265	–	2,265	–	Interest rate(3)
	457,437	72,464	376,771	8,202	

(1) Trading positions whose risk measure is total VaR. For additional information, see the table in the pages ahead and in the Market Risk section of the *2024 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect.
(2) Non-trading positions that use other risk measures.
(3) For additional information, see the table in the pages ahead and in the Market Risk section of the *2024 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect, as well as the interest rate sensitivity table.
(4) The fair value of equity securities designated at fair value through other comprehensive income is presented in Notes 3 and 5 to these Consolidated Financial Statements.
(5) These instruments are recorded at amortized cost and are subject to credit risk for capital management purposes. For trading-related transactions with maturities of more than one day, interest rate risk is included in the VaR measures.

(millions of Canadian dollars)					As at October 31, 2024
		Market risk measures			
	Balance sheet	Trading[1]	Non-trading[2]	Not subject to market risk	Non-traded risk primary risk sensitivity
Assets					
Cash and deposits with financial institutions	31,549	257	20,440	10,852	Interest rate[3]
Securities					
At fair value through profit or loss	115,935	113,445	2,490	–	Interest rate[3] and equity[4]
At fair value through other comprehensive income	14,622	–	14,622	–	Interest rate[3] and equity[5]
Amortized cost	14,608	–	14,608	–	Interest rate[3]
Securities purchased under reverse repurchase agreements and securities borrowed	16,265	–	16,265	–	Interest rate[3][6]
Loans, net of allowances	243,032	14,572	228,460	–	Interest rate[3]
Derivative financial instruments	12,309	11,686	623	–	Interest rate[7] and exchange rate[7]
Defined benefit asset	487	–	487	–	Other[8]
Other	13,419	573	–	12,846	
	462,226	140,533	297,995	23,698	
Liabilities					
Deposits	333,545	30,429	303,116	–	Interest rate[3]
Obligations related to securities sold short	10,873	10,873	–	–	
Obligations related to securities sold under repurchase agreements and securities loaned	38,177	–	38,177	–	Interest rate[3][6]
Derivative financial instruments	15,760	15,240	520	–	Interest rate[7] and exchange rate[7]
Liabilities related to transferred receivables	28,377	10,564	17,813	–	Interest rate[3]
Defined benefit liability	103	–	103	–	Other[8]
Other	8,583	–	49	8,534	Interest rate[3]
Subordinated debt	1,258	–	1,258	–	Interest rate[3]
	436,676	67,106	361,036	8,534	

(1) Trading positions whose risk measure is total VaR. For additional information, see the table on the following page and in the Market Risk section of the *2024 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect.
(2) Non-trading positions that use other risk measures.
(3) For additional information, see the table in the pages ahead and in the Market Risk section of the *2024 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect and the interest rate sensitivity table.
(4) For additional information, see Note 7 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024.
(5) The fair value of equity securities designated at fair value through other comprehensive income is presented in Notes 3 and 5 to these Consolidated Financial Statements.
(6) These instruments are recorded at amortized cost and are subject to credit risk for capital management purposes. For trading-related transactions with maturities of more than one day, interest rate risk is included in the VaR measure.
(7) For additional information, see Notes 18 and 19 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024.
(8) For additional information, see Note 25 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024.

Trading Activities
The table below shows the VaR distribution of trading portfolios by risk category and their diversification effect.

VaR of Trading Portfolios[1][2]

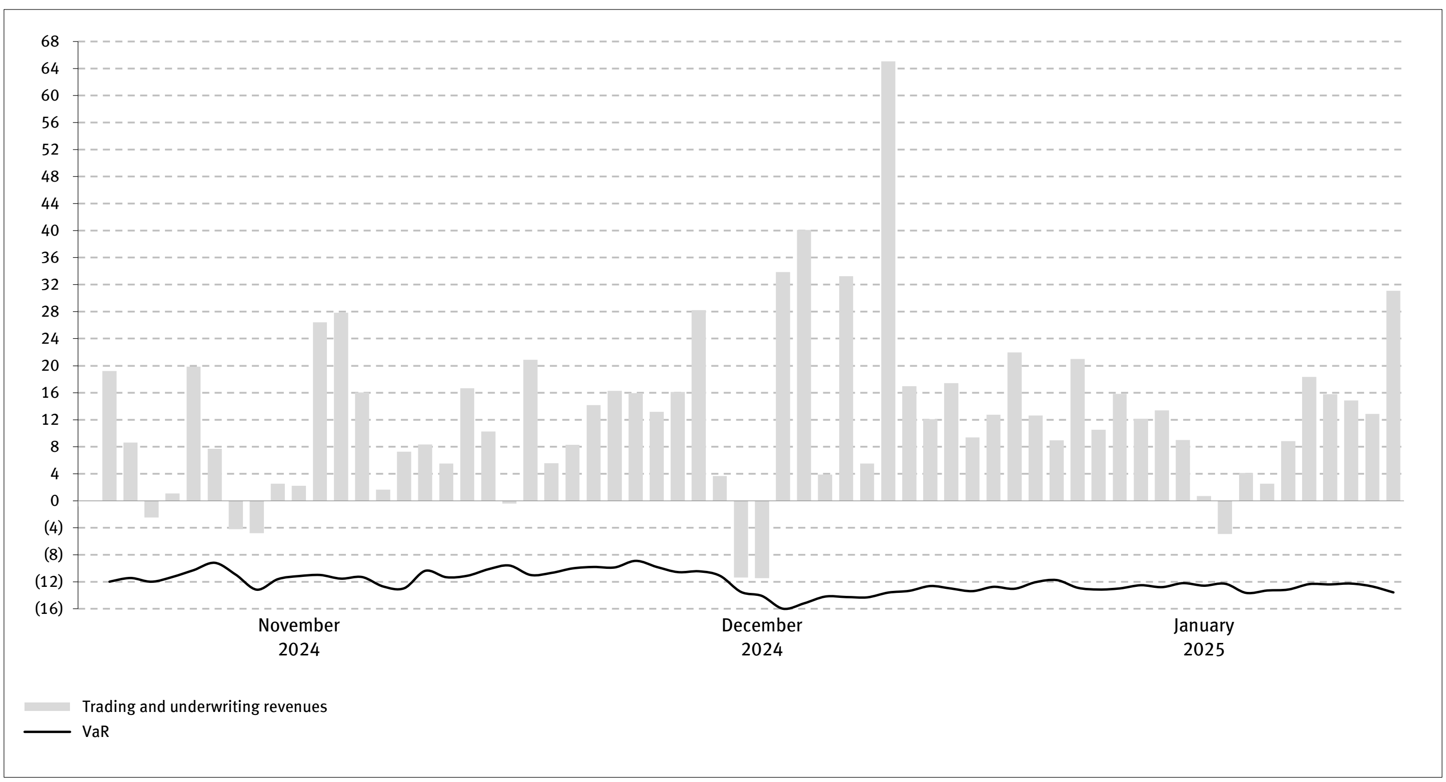
(millions of Canadian dollars)								Quarter ended
				January 31, 2025		October 31, 2024		January 31, 2024
	Low	High	Average	Period end	Average	Period end	Average	Period end
Interest rate	(9.3)	(15.5)	(12.8)	(13.0)	(7.9)	(8.8)	(8.0)	(8.5)
Exchange rate	(0.8)	(4.3)	(2.0)	(0.9)	(1.4)	(1.1)	(2.5)	(1.0)
Equity	(3.0)	(7.3)	(4.8)	(6.5)	(3.4)	(5.3)	(6.2)	(6.1)
Commodity	(1.1)	(2.1)	(1.6)	(1.2)	(1.0)	(1.2)	(1.8)	(1.7)
Diversification effect[3]	n.m.	n.m.	9.1	8.0	5.8	6.3	8.3	7.2
Total trading VaR	(8.9)	(16.0)	(12.1)	(13.6)	(7.9)	(10.1)	(10.2)	(10.1)

n.m. Computation of a diversification effect for the high and low is not meaningful, as highs and lows may occur on different days and be attributable to different types of risk.
(1) See the Glossary section on pages 47 to 50 for details on the composition of these measures.
(2) Amounts are presented on a pre-tax basis and represent one-day VaR using a 99% confidence level.
(3) The total trading VaR is less than the sum of the individual risk factor VaR results due to the diversification effect.

The average total VaR of the trading portfolios increased from $7.9 million to $12.1 million from the fourth quarter of 2024 to the first quarter of 2025, mainly due to an increase in interest rate risk.

Daily Trading and Underwriting Revenues
The following chart shows daily trading and underwriting revenues and VaR. Daily trading and underwriting revenues were positive for 89% of the quarter ended January 31, 2025. In addition, six days were marked by net daily trading and underwriting losses in excess of $1 million. None of these losses exceeded VaR.

Quarter Ended January 31, 2025
(millions of Canadian dollars)



Interest Rate Sensitivity – Non-Trading Activities (Before Tax)
The following table presents the potential before-tax impact of an immediate and sustained 100-basis-point increase or of an immediate and sustained 100-basis-point decrease in interest rates on the economic value of equity and on the net interest income of the Bank's non-trading portfolios for the next 12 months, assuming no further hedging is undertaken.

(millions of Canadian dollars)	**As at January 31, 2025**			As at October 31, 2024		
	Canadian dollar	**Other currencies**	**Total**	Canadian dollar	Other currencies	Total
Impact on equity						
100-basis-point increase in the interest rate	**(406)**	**(52)**	**(458)**	(378)	(57)	(435)
100-basis-point decrease in the interest rate	**386**	**49**	**435**	352	48	400
Impact on net interest income						
100-basis-point increase in the interest rate	**138**	**(39)**	**99**	121	(22)	99
100-basis-point decrease in the interest rate	**(159)**	**31**	**(128)**	(161)	25	(136)

Liquidity and Funding Risk

Liquidity and funding risk is the risk that the Bank will be unable to honour daily cash and financial obligations without resorting to costly and untimely measures. Liquidity and funding risk arises when sources of funds become insufficient to meet scheduled payments under the Bank's commitments.

Liquidity risk refers to the possibility that an institution may not be able to meet its financial obligations as they fall due, due to a mismatch between cash inflows and outflows, without incurring unacceptable losses.

Funding risk is defined as the risk to the Bank's ongoing ability to raise sufficient funds to finance actual or proposed business activities on an unsecured or secured basis at an acceptable price. The funding management priority is to achieve an optimal balance between deposits, securitization, secured funding, and unsecured funding. This brings optimal stability to the funding and reduces vulnerability to unpredictable events.

Regulatory Developments
The Bank continues to closely monitor regulatory developments and participates actively in various consultative processes. For additional information about the regulatory context as at October 31, 2024, refer to pages 95 and 96 of the Risk Management section in the *2024 Annual Report*. Since November 1, 2024, the new regulatory development below is to be considered.

On November 21, 2024, OSFI published an amended version of the *Liability Adequacy Requirement (LAR) Guideline*. The LAR Guideline incorporates two sets of revisions related to intraday liquidity and the treatment of bankers' acceptances. The revisions relating to intraday liquidity affect Chapters 1 and 7 of the LAR Guideline, while those relating to the processing of bankers' acceptances affect Chapters 3 and 4. No changes were made to Chapters 2, 5 and 6. Implementation of the new intraday liquidity rules is scheduled for November 2025, and is limited to the direct clearers of Lynx, Canada's high-value payment system.

Liquidity Management
Liquid Assets
To protect depositors and creditors from unexpected crisis situations, the Bank holds a portfolio of unencumbered liquid assets that can be readily liquidated to meet financial obligations. The majority of the unencumbered liquid assets are held in Canadian or U.S. dollars. Moreover, all assets that can be quickly monetized are considered liquid assets. The Bank's liquidity reserves do not factor in the availability of the emergency liquidity facilities of central banks. The following tables provide information on the Bank's encumbered and unencumbered assets.

Liquid Asset Portfolio[1]

(millions of Canadian dollars)					As at January 31, 2025	As at October 31, 2024
	Bank-owned liquid assets[2]	Liquid assets received[3]	Total liquid assets	Encumbered liquid assets[4]	Unencumbered liquid assets	Unencumbered liquid assets
Cash and deposits with financial institutions	34,608	–	34,608	14,276	20,332	19,819
Securities						
Issued or guaranteed by the Canadian government, U.S. Treasury, other U.S. agencies and other foreign governments	39,229	55,339	94,568	56,766	37,802	41,541
Issued or guaranteed by Canadian provincial and municipal governments	14,746	10,159	24,905	14,520	10,385	10,669
Other debt securities	6,531	4,951	11,482	3,372	8,110	7,305
Equity securities	98,580	56,987	155,567	98,098	57,469	40,972
Loans						
Securities backed by insured residential mortgages	17,722	–	17,722	7,879	9,843	8,471
As at January 31, 2025	211,416	127,436	338,852	194,911	143,941	
As at October 31, 2024	192,169	117,906	310,075	181,298		128,777

(millions of Canadian dollars)	As at January 31, 2025	As at October 31, 2024
Unencumbered liquid assets by entity		
National Bank (parent)	93,950	80,768
Domestic subsidiaries	9,166	12,023
Foreign subsidiaries and branches	40,825	35,986
	143,941	128,777

(millions of Canadian dollars)	As at January 31, 2025	As at October 31, 2024
Unencumbered liquid assets by currency		
Canadian dollar	67,988	66,970
U.S. dollar	69,109	53,960
Other currencies	6,844	7,847
	143,941	128,777

Liquid Asset Portfolio[1] – Average[5]

(millions of Canadian dollars)						Quarter ended
					January 31, 2025	October 31, 2024
	Bank-owned liquid assets[2]	Liquid assets received[3]	Total liquid assets	Encumbered liquid assets[4]	Unencumbered liquid assets	Unencumbered liquid assets
Cash and deposits with financial institutions	33,867	–	33,867	13,169	20,698	20,762
Securities						
Issued or guaranteed by the Canadian government, U.S. Treasury, other U.S. agencies and other foreign governments	38,467	60,331	98,798	56,815	41,983	40,832
Issued or guaranteed by Canadian provincial and municipal governments	13,782	10,576	24,358	14,949	9,409	9,063
Other debt securities	7,599	4,717	12,316	3,595	8,721	8,244
Equity securities	103,289	56,738	160,027	104,326	55,701	45,621
Loans						
Securities backed by insured residential mortgages	17,152	–	17,152	7,603	9,549	8,486
	214,156	132,362	346,518	200,457	146,061	133,008

(1) See the Financial Reporting Method section on pages 4 to 9 for additional information on capital management measures.
(2) Bank-owned liquid assets include assets for which there are no legal or geographic restrictions.
(3) Securities received as collateral with respect to securities financing and derivative transactions and securities purchased under reverse repurchase agreements and securities borrowed.
(4) In the normal course of its funding activities, the Bank pledges assets as collateral in accordance with standard terms. Encumbered liquid assets include assets used to cover short sales, obligations related to securities sold under repurchase agreements and securities loaned, guarantees related to security-backed loans and borrowings, collateral related to derivative financial instrument transactions, asset-backed securities, and liquid assets legally restricted from transfers.
(5) The average is based on the sum of the end-of-period balances of the three months of the quarter divided by three.

Summary of Encumbered and Unencumbered Assets[1]

(millions of Canadian dollars)						As at January 31, 2025
	Encumbered assets[2]		Unencumbered assets		Total	Encumbered assets as a % of total assets
	Pledged as collateral	Other[3]	Available as collateral	Other[4]		
Cash and deposits with financial institutions	713	13,563	20,332	–	34,608	3.0
Securities	48,974	–	110,112	–	159,086	10.1
Securities purchased under reverse repurchase agreements and securities borrowed	–	11,575	3,654	–	15,229	2.4
Loans, net of allowances	40,166	–	9,843	196,611	246,620	8.3
Derivative financial instruments	–	–	–	14,164	14,164	–
Premises and equipment	–	–	–	1,917	1,917	–
Goodwill	–	–	–	1,530	1,530	–
Intangible assets	–	–	–	1,222	1,222	–
Other assets	–	–	–	9,457	9,457	–
	89,853	25,138	143,941	224,901	483,833	23.8

(millions of Canadian dollars)						As at October 31, 2024
	Encumbered assets[2]		Unencumbered assets		Total	Encumbered assets as a % of total assets
	Pledged as collateral	Other[3]	Available as collateral	Other[4]		
Cash and deposits with financial institutions	697	11,033	19,819	–	31,549	2.5
Securities	50,071	–	95,094	–	145,165	10.8
Securities purchased under reverse repurchase agreements and securities borrowed	–	10,872	5,393	–	16,265	2.4
Loans, net of allowances	40,296	–	8,471	194,265	243,032	8.7
Derivative financial instruments	–	–	–	12,309	12,309	–
Premises and equipment	–	–	–	1,868	1,868	–
Goodwill	–	–	–	1,522	1,522	–
Intangible assets	–	–	–	1,233	1,233	–
Other assets	–	–	–	9,283	9,283	–
	91,064	21,905	128,777	220,480	462,226	24.4

(1) See the Financial Reporting Method section on pages 4 to 9 for additional information on capital management measures.
(2) In the normal course of its funding activities, the Bank pledges assets as collateral in accordance with standard terms. Encumbered assets include assets used to cover short sales, obligations related to securities sold under repurchase agreements and securities loaned, guarantees related to security-backed loans and borrowings, collateral related to derivative financial instrument transactions, asset-backed securities, residential mortgage loans securitized and transferred under the Canada Mortgage Bond program, assets held in consolidated trusts supporting the Bank's funding activities, and mortgage loans transferred under the covered bond program.
(3) Other encumbered assets include assets for which there are restrictions and that cannot therefore be used for collateral or funding purposes as well as assets used to cover short sales.
(4) Other unencumbered assets are assets that cannot be used for collateral or funding purposes in their current form. This category includes assets that are potentially eligible as funding program collateral (e.g., mortgages insured by the Canada Mortgage and Housing Corporation that can be securitized into mortgage-backed securities under the *National Housing Act* (Canada)).

Liquidity Coverage Ratio

The liquidity coverage ratio (LCR) was introduced primarily to ensure that banks could withstand periods of severe short-term stress. LCR is calculated by dividing the total amount of high-quality liquid assets (HQLA) by the total amount of net cash outflows. OSFI has been requiring Canadian banks to maintain a minimum LCR of 100%. An LCR above 100% ensures that banks are holding sufficient high-quality liquid assets to cover net cash outflows given a severe, 30-day liquidity crisis. The assumptions underlying the LCR scenario are established by the BCBS and OSFI's *Liquidity Adequacy Requirements Guideline*.

The table on the following page provides average LCR data calculated using the daily figures in the quarter. For the quarter ended January 31, 2025, the Bank's average LCR was 154%, well above the 100% regulatory requirement and demonstrating the Bank's solid short-term liquidity position.

LCR Disclosure Requirements[1][2]

(millions of Canadian dollars)			Quarter ended
	January 31, 2025		October 31, 2024
	Total unweighted value[3] (average)	Total weighted value[4] (average)	Total weighted value[4] (average)
High-quality liquid assets (HQLA)			
Total HQLA	**n.a.**	**89,902**	86,929
Cash outflows			
Retail deposits and deposits from small business customers, of which:	**68,137**	**6,204**	5,858
Stable deposits	**28,502**	**856**	834
Less stable deposits	**39,635**	**5,348**	5,024
Unsecured wholesale funding, of which:	**118,390**	**66,110**	65,742
Operational deposits (all counterparties) and deposits in networks of cooperative banks	**37,067**	**9,057**	8,660
Non-operational deposits (all counterparties)	**75,448**	**51,063**	51,612
Unsecured debt	**5,875**	**5,990**	5,470
Secured wholesale funding	**n.a.**	**28,831**	25,691
Additional requirements, of which:	**82,128**	**21,391**	19,479
Outflows related to derivative exposures and other collateral requirements	**28,400**	**12,029**	11,228
Outflows related to loss of funding on secured debt securities	**1,999**	**1,977**	1,394
Backstop liquidity and credit enhancement facilities and commitments to extend credit	**51,729**	**7,385**	6,857
Other contractual commitments to extend credit	**2,331**	**655**	791
Other contingent commitments to extend credit	**167,582**	**2,158**	2,117
Total cash outflows	**n.a.**	**125,349**	119,678
Cash inflows			
Secured lending (e.g., reverse repos)	**154,311**	**28,898**	29,105
Inflows from fully performing exposures	**13,752**	**9,630**	8,794
Other cash inflows	**27,728**	**27,537**	23,262
Total cash inflows	**195,791**	**66,065**	61,161
		Total adjusted value[5]	Total adjusted value[5]
Total HQLA		**89,902**	86,929
Total net cash outflows		**59,284**	58,517
Liquidity coverage ratio (%)[6]		**154 %**	150 %

n.a. Not applicable
(1) See the Financial Reporting Method section on pages 4 to 9 for additional information on capital management measures.
(2) OSFI prescribed a table format in order to standardize disclosure throughout the banking industry.
(3) Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for cash inflows and outflows).
(4) Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates.
(5) Total adjusted values are calculated after the application of both haircuts and inflow and outflow rates and any applicable caps.
(6) The data in this table is calculated using averages of the daily figures in the quarter.

As at January 31, 2025, Level 1 liquid assets represented 84% of the Bank's HQLA, which includes cash, central bank deposits, and bonds issued or guaranteed by the Canadian government and Canadian provincial governments.

Cash outflows arise from the application of OSFI-prescribed assumptions on deposits, debt, secured funding, commitments and additional collateral requirements. The cash outflows are partly offset by cash inflows, which come mainly from secured loans and performing loans. The Bank expects some quarter-over-quarter variation between reported LCRs without such variation being necessarily indicative of a trend. The variation between the quarter ended January 31, 2025 and the preceding quarter was a result of normal business operations. The Bank's liquid asset buffer is well in excess of its total net cash outflows.

The LCR assumptions differ from the assumptions used for the liquidity disclosures presented in the tables on the previous pages or those used for internal liquidity management rules. While the liquidity disclosure framework is prescribed by the EDTF, the Bank's internal liquidity metrics use assumptions that are calibrated according to its business model and experience.

Net Stable Funding Ratio

The BCBS has developed the net stable funding ratio (NSFR) to promote a more resilient banking sector. The NSFR requires institutions to maintain a stable funding profile in relation to the composition of their assets and off-balance-sheet activities. A viable funding structure is intended to reduce the likelihood that disruptions to an institution's regular sources of funding would erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR is calculated by dividing available stable funding by required stable funding. OSFI has been requiring Canadian banks to maintain a minimum NSFR of 100%.

The following table provides the available stable funding and required stable funding in accordance with OSFI's *Liquidity Adequacy Requirements Guideline*. As at January 31, 2025, the Bank's NSFR was 123%, well above the 100% regulatory requirement and demonstrating the Bank's solid long-term liquidity position.

NSFR Disclosure Requirements[1][2]

(millions of Canadian dollars)					As at January 31, 2025	As at October 31, 2024
	Unweighted value by residual maturity					
	No maturity	6 months or less	Over 6 months to 1 year	Over 1 year	Weighted value[3]	Weighted value[3]
Available Stable Funding (ASF) Items						
Capital:	26,124	–	–	2,265	28,389	26,798
Regulatory capital	26,124	–	–	2,265	28,389	26,798
Other capital instruments	–	–	–	–	–	–
Retail deposits and deposits from small business customers:	63,912	14,835	8,771	26,708	105,964	103,782
Stable deposits	27,154	5,024	4,030	7,983	42,381	42,111
Less stable deposits	36,758	9,811	4,741	18,725	63,583	61,671
Wholesale funding:	80,811	97,656	25,102	65,373	131,403	126,339
Operational deposits	36,588	–	–	–	18,294	18,370
Other wholesale funding	44,223	97,656	25,102	65,373	113,109	107,969
Liabilities with matching interdependent assets[4]	–	3,218	2,401	22,493	–	–
Other liabilities[5]:	15,401		9,607		789	760
NSFR derivative liabilities[5]	n.a.		6		n.a.	n.a.
All other liabilities and equity not included in the above categories	15,401	3,681	151	5,769	789	760
Total ASF	n.a.	n.a.	n.a.	n.a.	266,545	257,679
Required Stable Funding (RSF) Items						
Total NSFR high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	8,064	9,827
Deposits held at other financial institutions for operational purposes	–	–	–	–	–	–
Performing loans and securities:	64,897	101,407	31,174	102,686	174,271	167,755
Performing loans to financial institutions secured by Level 1 HQLA	139	2,586	–	–	136	228
Performing loans to financial institutions secured by non-Level-1 HQLA and unsecured performing loans to financial institutions	7,271	60,336	1,687	6,940	16,526	11,137
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	31,957	28,576	18,563	35,556	84,068	83,705
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	656	2,854	582	57	2,182	1,959
Performing residential mortgages, of which:	8,979	8,436	9,828	58,536	56,697	56,547
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	8,979	8,436	9,828	58,536	56,697	56,547
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	16,551	1,473	1,096	1,654	16,844	16,138
Assets with matching interdependent liabilities[4]	–	3,218	2,401	22,493	–	–
Other assets[5]:	9,412		32,975		28,723	28,191
Physical traded commodities, including gold	712	n.a.	n.a.	n.a.	712	696
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs[5]	n.a.		12,356		10,503	10,960
NSFR derivative assets[5]	n.a.		3,857		3,851	3,136
NSFR derivative liabilities before deduction of the variation margin posted[5]	n.a.		11,008		550	488
All other assets not included in the above categories	8,700	3,267	616	1,871	13,107	12,911
Off-balance-sheet items[5]	n.a.		129,890		4,954	4,845
Total RSF	n.a.	n.a.	n.a.	n.a.	216,012	210,618
Net Stable Funding Ratio (%)	n.a.	n.a.	n.a.	n.a.	123 %	122 %

n.a. Not applicable
(1) See the Financial Reporting Method section on pages 4 to 9 for additional information on capital management measures.
(2) OSFI prescribed a table format in order to standardize disclosure throughout the banking industry.
(3) Weighted values are calculated after application of the weightings set out in OSFI's *Liquidity Adequacy Requirements Guideline*.
(4) As per OSFI's specifications, liabilities arising from transactions involving the Canada Mortgage Bond program and their corresponding encumbered mortgages are given ASF and RSF weights of 0%, respectively.
(5) As per OSFI's specifications, there is no need to differentiate by maturities.

The NSFR represents the amount of ASF relative to the amount of RSF. ASF is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of RSF of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance-sheet exposures. The ASF and RSF amounts are calibrated to reflect the degree of stability of liabilities and liquidity of assets. The Bank expects some quarter-over-quarter variation between reported NSFRs without such variation being necessarily indicative of a long-term trend.

The NSFR assumptions differ from the assumptions used for the liquidity disclosures provided in the tables on the preceding pages or those used for internal liquidity management rules. While the liquidity disclosure framework is prescribed by the EDTF, the Bank's internal liquidity metrics use assumptions that are calibrated according to its business model and experience.

Funding

The Bank continuously monitors and analyzes market trends as well as possibilities for accessing less expensive and more flexible funding, considering both the risks and opportunities observed. The deposit strategy remains a priority for the Bank, which continues to prefer deposits to institutional funding.

The table below presents the residual contractual maturities of the Bank's wholesale funding. The information has been presented in accordance with the categories recommended by the EDTF working group for comparison purposes with other banks.

Residual Contractual Maturities of Wholesale Funding

(millions of Canadian dollars)								As at January 31, 2025
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Subtotal 1 year or less	Over 1 year to 2 years	Over 2 years	Total
Deposits from banks[1]	788	73	150	412	1,423	–	–	1,423
Certificates of deposit and commercial paper[2]	5,473	7,963	7,102	12,796	33,334	145	–	33,479
Senior unsecured medium-term notes[3]	1,655	452	2,683	8,646	13,436	4,981	12,951	31,368
Senior unsecured structured notes	–	6	–	122	128	1,541	3,592	5,261
Covered bonds and asset-backed securities								
Mortgage securitization	–	1,275	1,822	2,395	5,492	3,183	19,437	28,112
Covered bonds	–	1,508	–	–	1,508	3,938	5,613	11,059
Subordinated liabilities[4]	–	–	–	–	–	–	2,265	2,265
	7,916	11,277	11,757	24,371	55,321	13,788	43,858	112,967
Secured funding	–	2,783	1,822	2,395	7,000	7,121	25,050	39,171
Unsecured funding	7,916	8,494	9,935	21,976	48,321	6,667	18,808	73,796
	7,916	11,277	11,757	24,371	55,321	13,788	43,858	112,967
As at October 31, 2024	3,200	11,456	15,080	16,669	46,405	12,239	44,588	103,232

(1) Deposits from banks include all non-negotiable term deposits from banks.
(2) Includes bearer deposit notes.
(3) Includes debts subject to bank recapitalization (bail-in) conversion regulations.
(4) Subordinated debt is presented in this table, but the Bank does not consider it as part of its wholesale funding.

As part of a comprehensive liquidity management framework, the Bank regularly reviews its contracts that stipulate that additional collateral could be required in the event of a downgrade of the Bank's credit rating. The Bank's liquidity position management approach already incorporates additional collateral requirements in the event of a one-notch to three-notch downgrade in credit rating. The table below presents the additional collateral requirements in the event of a one-, two-, or three-notch credit rating downgrade.

(millions of Canadian dollars)			As at January 31, 2025
	One-notch downgrade	Two-notch downgrade	Three-notch downgrade
Derivatives[1]	22	44	89

(1) Contractual requirements related to agreements known as initial margins and variation margins.

Residual Contractual Maturities of Balance Sheet Items and Off-Balance-Sheet Commitments

The following tables present balance sheet items and off-balance-sheet commitments by residual contractual maturity as at January 31, 2025 with comparative figures as at October 31, 2024. The information gathered from this maturity analysis is a component of liquidity and funding management. However, this maturity profile does not represent how the Bank manages its interest rate risk or its liquidity risk and funding needs. The Bank considers factors other than contractual maturity when assessing liquid assets or determining expected future cash flows.

In the normal course of business, the Bank enters into various off-balance-sheet commitments. The credit instruments used to meet the financing needs of its clients represent the maximum amount of additional credit the Bank could be obligated to extend if the commitments were fully drawn.

The Bank also has future minimum commitments under leases for premises as well as under other contracts, mainly commitments to purchase loans and contracts for outsourced information technology services. Most of the lease commitments are related to operating leases.

(millions of Canadian dollars)										As at January 31, 2025
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specified maturity	Total
Assets										
Cash and deposits with financial institutions	20,493	837	871	152	858	–	–	–	11,397	34,608
Securities										
At fair value through profit or loss	106	614	739	624	709	5,045	10,645	10,037	98,017	126,536
At fair value through other comprehensive income	36	101	60	255	467	1,087	6,862	6,997	563	16,428
At amortized cost	139	385	907	561	973	2,307	7,809	3,041	–	16,122
	281	1,100	1,706	1,440	2,149	8,439	25,316	20,075	98,580	159,086
Securities purchased under reverse repurchase agreements and securities borrowed	7,335	2,130	1,826	–	–	363	–	–	3,575	15,229
Loans(1)										
Residential mortgage	1,613	2,303	4,490	4,704	5,045	23,604	44,623	10,686	571	97,639
Personal	836	1,118	1,852	1,881	1,852	7,627	12,090	5,924	13,592	46,772
Credit card									2,710	2,710
Business and government	12,515	6,433	5,073	7,049	4,560	11,463	17,597	6,813	29,479	100,982
Allowances for credit losses									(1,483)	(1,483)
	14,964	9,854	11,415	13,634	11,457	42,694	74,310	23,423	44,869	246,620
Other										
Derivative financial instruments	2,595	2,049	1,675	701	931	1,743	1,894	2,576	–	14,164
Premises and equipment									1,917	1,917
Goodwill									1,530	1,530
Intangible assets									1,222	1,222
Other assets(1)	1,719	212	1,368	514	102	929	414	58	4,141	9,457
	4,314	2,261	3,043	1,215	1,033	2,672	2,308	2,634	8,810	28,290
	47,387	16,182	18,861	16,441	15,497	54,168	101,934	46,132	167,231	483,833

(1) Amounts collectible on demand are considered to have no specified maturity.

(millions of Canadian dollars)										As at January 31, 2025
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specified maturity	Total
Liabilities and equity										
Deposits(1)(2)										
Personal	3,350	3,387	5,513	5,316	3,855	7,244	14,249	7,768	48,179	98,861
Business and government	40,740	15,928	15,031	11,196	13,461	11,724	37,789	6,132	94,449	246,450
Deposit-taking institutions	1,246	984	1,252	418	84	–	13	29	1,758	5,784
	45,336	20,299	21,796	16,930	17,400	18,968	52,051	13,929	144,386	351,095
Other										
Obligations related to securities sold short(3)	226	390	620	436	236	916	2,837	3,597	2,317	11,575
Obligations related to securities sold under repurchase agreements and securities loaned	22,245	2,893	1,090	3	–	4,056	–	–	7,072	37,359
Derivative financial instruments	2,512	2,595	1,569	717	1,307	3,121	2,030	4,873	–	18,724
Liabilities related to transferred receivables(4)	–	1,275	1,822	196	2,199	3,183	8,993	10,444	–	28,112
Lease liabilities(5)	6	13	19	19	19	74	177	170	–	497
Other liabilities – Other items(1)(5)	1,765	530	106	71	42	61	116	116	5,003	7,810
	26,754	7,696	5,226	1,442	3,803	11,411	14,153	19,200	14,392	104,077
Subordinated debt	–	–	–	–	–	–	–	2,265	–	2,265
Equity									26,396	26,396
	72,090	27,995	27,022	18,372	21,203	30,379	66,204	35,394	185,174	483,833
Off-balance-sheet commitments										
Letters of guarantee and documentary letters of credit	100	1,050	891	1,455	4,855	1,572	208	21	–	10,152
Credit card receivables(6)									10,758	10,758
Backstop liquidity and credit enhancement facilities(7)	–	–	15	–	15	5,552	–	–	5,822	11,404
Commitments to extend credit(8)	3,256	12,742	11,747	5,787	6,307	5,242	3,076	90	54,407	102,654
Obligations related to:										
Lease commitments(9)	1	1	1	1	1	5	3	2	–	15
Other contracts	4	8	12	12	12	49	256	8	160	521

(1) Amounts payable upon demand or notice are considered to have no specified maturity.
(2) The *Deposits* item is presented in greater detail than it is on the Consolidated Balance Sheet.
(3) Amounts are disclosed according to the remaining contractual maturity of the underlying security.
(4) These amounts mainly include liabilities related to the securitization of mortgage loans.
(5) The *Other liabilities* item is presented in greater detail than it is on the Consolidated Balance Sheet.
(6) These amounts are unconditionally revocable at the Bank's discretion at any time.
(7) In the event of payment on one of the backstop liquidity facilities, the Bank will receive as collateral government bonds in an amount up to $5.6 billion.
(8) These amounts include $49.3 billion that is unconditionally revocable at the Bank's discretion at any time.
(9) These amounts include leases for which the underlying asset is of low value and leases other than for real estate of less than one year.

(millions of Canadian dollars)										As at October 31, 2024
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specified maturity	Total
Assets										
Cash and deposits with financial institutions	20,300	868	458	395	146	–	–	–	9,382	31,549
Securities										
At fair value through profit or loss	155	179	692	1,173	1,691	4,018	10,420	9,930	87,677	115,935
At fair value through other comprehensive income	14	97	263	33	34	2,863	5,688	4,964	666	14,622
At amortized cost	232	756	545	931	629	2,748	7,170	1,597	–	14,608
	401	1,032	1,500	2,137	2,354	9,629	23,278	16,491	88,343	145,165
Securities purchased under reverse repurchase agreements and securities borrowed	5,525	2,900	2,222	881	–	696	–	–	4,041	16,265
Loans(1)										
Residential mortgage	1,901	2,012	3,466	4,431	4,762	23,671	44,223	9,993	550	95,009
Personal	861	865	1,648	1,843	1,890	7,957	12,050	6,086	13,683	46,883
Credit card									2,761	2,761
Business and government	12,533	5,621	4,733	4,747	5,588	10,704	18,364	6,545	30,885	99,720
Allowances for credit losses									(1,341)	(1,341)
	15,295	8,498	9,847	11,021	12,240	42,332	74,637	22,624	46,538	243,032
Other										
Derivative financial instruments	2,619	1,950	1,187	643	375	1,707	1,576	2,252	–	12,309
Premises and equipment									1,868	1,868
Goodwill									1,522	1,522
Intangible assets									1,233	1,233
Other assets(1)	3,080	213	757	1,298	221	855	426	102	2,331	9,283
	5,699	2,163	1,944	1,941	596	2,562	2,002	2,354	6,954	26,215
	47,220	15,461	15,971	16,375	15,336	55,219	99,917	41,469	155,258	462,226

(1) Amounts collectible on demand are considered to have no specified maturity.

(millions of Canadian dollars)										As at October 31, 2024
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specified maturity	Total
Liabilities and equity										
Deposits[(1)(2)]										
Personal	4,022	3,808	4,840	5,342	4,810	6,856	13,857	7,170	44,476	95,181
Business and government	34,782	14,521	18,716	10,445	6,927	9,649	37,905	6,273	93,512	232,730
Deposit-taking institutions	803	101	364	1,188	401	11	2	26	2,738	5,634
	39,607	18,430	23,920	16,975	12,138	16,516	51,764	13,469	140,726	333,545
Other										
Obligations related to securities sold short[(3)]	124	260	396	113	64	1,141	2,323	4,354	2,098	10,873
Obligations related to securities sold under repurchase agreements and securities loaned	19,554	2,510	3,915	3,481	–	1,073	–	–	7,644	38,177
Derivative financial instruments	1,875	3,134	2,183	509	372	1,844	1,886	3,957	–	15,760
Liabilities related to transferred receivables[(4)]	–	1,897	1,216	1,543	197	4,169	8,872	10,483	–	28,377
Securitization – Credit card[(5)]	49	–	–	–	–	–	–	–	–	49
Lease liabilities[(5)]	6	13	19	19	18	72	176	149	–	472
Other liabilities – Other items[(1)(5)]	1,674	199	238	10	51	65	79	170	5,679	8,165
	23,282	8,013	7,967	5,675	702	8,364	13,336	19,113	15,421	101,873
Subordinated debt	–	–	–	–	–	–	–	1,258	–	1,258
Equity									25,550	25,550
	62,889	26,443	31,887	22,650	12,840	24,880	65,100	33,840	181,697	462,226
Off-balance-sheet commitments										
Letters of guarantee and documentary letters of credit	80	1,861	1,914	1,420	1,456	2,506	203	20	–	9,460
Credit card receivables[(6)]									10,515	10,515
Backstop liquidity and credit enhancement facilities[(7)]	–	15	5,552	15	–	–	–	–	5,483	11,065
Commitments to extend credit[(8)]	3,243	12,896	9,811	8,121	4,600	5,248	3,635	114	52,612	100,280
Obligations related to:										
Lease commitments[(9)]	1	1	2	1	1	5	4	2	–	17
Other contracts[(10)]	5	10	14	12	12	48	244	9	161	515

(1) Amounts payable upon demand or notice are considered to have no specified maturity.
(2) The *Deposits* item is presented in greater detail than it is on the Consolidated Balance Sheet.
(3) Amounts are disclosed according to the remaining contractual maturity of the underlying security.
(4) These amounts mainly include liabilities related to the securitization of mortgage loans.
(5) The *Other liabilities* item is presented in greater detail than it is on the Consolidated Balance Sheet.
(6) These amounts are unconditionally revocable at the Bank's discretion at any time.
(7) In the event of payment on one of the backstop liquidity facilities, the Bank will receive as collateral government bonds in an amount up to $5.6 billion.
(8) These amounts include $48.6 billion that is unconditionally revocable at the Bank's discretion at any time.
(9) These amounts include leases for which the underlying asset is of low value and leases other than for real estate of less than one year.
(10) These amounts include $5 million in contractual commitments related to the head office building.

Environmental and Social Risk

Environmental and social risk is the possibility that environmental and social matters would result in a financial loss for the Bank or affect its business activities. For additional information on the ways the Bank addresses and mitigates this risk, see the Environmental and Social Risk section on pages 110 to 112 of the Bank's *2024 Annual Report.*

Regulatory Developments
The Bank continues to closely monitor regulatory developments and participates actively in various consultative processes. Since November 1, 2024, the new regulatory development below is to be considered.

On December 18, 2024, the Canadian Sustainability Standards Board (CSSB) published its first Canadian Sustainability Disclosure Standards (CSDS). CSDS 1 – *General Requirements for Disclosure of Sustainability-related Financial Information*, and CSDS 2 – *Climate-related Disclosures*, which are aligned with IFRS S1 – *General Requirements for Disclosure of Sustainability-related financial Information* and IFRS S2 – *Climate-related Disclosures*, retain the proposals included in the exposure drafts published on March 13, 2024, and include additional transition relief measures for certain disclosure requirements. CSDS will be applicable to D-SIBs at the end of fiscal 2026, and transitional relief measures will postpone certain disclosure requirements until the end of fiscal 2029. Disclosure under CSDS will be voluntary until mandated by the CSA.

Risk Disclosures

One of the purposes of the *2024 Annual Report,* the *Report to Shareholders – First Quarter 2025,* and the related supplementary information documents is to provide transparent, high-quality risk disclosures in accordance with the recommendations made by the Financial Stability Board's EDTF group. The following table lists the references where users can find information that responds to the EDTF's 32 recommendations.

				Pages
		2024 Annual Report	Report to Shareholders(1)	Supplementary Regulatory Capital and Pillar 3 Disclosure(1)
General				
1	Location of risk disclosures	12	44	
	Management's Discussion and Analysis	55 to 112, 125 and 127 to 129	21 to 43	
	Consolidated Financial Statements	Notes 1, 8, 18, 25 and 31	Notes 6 and 13	
	Supplementary Financial Information			23 to 33(2)
	Supplementary Regulatory Capital and Pillar 3 Disclosure			5 to 62
2	Risk terminology and risk measures	65 to 112		
3	Top and emerging risks	24 and 70 to 77	10, 28 to 43	
4	New key regulatory ratios	56 to 59, 95, 96 and 99 to 102	21, 22, 33 and 35 to 38	
Risk governance and risk management				
5	Risk management organization, processes and key functions	65 to 89, 95 to 97 and 102		
6	Risk management culture	65 and 66		
7	Key risks by business segment, risk management and risk appetite	64 to 66 and 70		
8	Stress testing	55, 66, 83, 93, 94 and 97		
Capital adequacy and risk-weighted assets (RWA)				
9	Minimum Pillar 1 capital requirements	56 to 59	21 and 22	
10	Reconciliation of the accounting balance sheet to the regulatory balance sheet			11 to 17, 20 and 21
11	Movements in regulatory capital	62	24	
12	Capital planning	55 to 64		
13	RWA by business segment and by risk type	64		7
14	Capital requirements by risk and the RWA calculation method	78 to 82		7
15	Banking book credit risk			7
16	Movements in RWA by risk type	63	25	7
17	Assessment of credit risk model performance	69, 79 to 82 and 88		41
Liquidity				
18	Liquidity management and components of the liquidity buffer	95 to 102	33 to 38	
Funding				
19	Summary of encumbered and unencumbered assets	98 and 99	35	
20	Residual contractual maturities of balance sheet items and off-balance-sheet commitments	230 to 234	39 to 42	
21	Funding strategy and funding sources	102 to 104	38	
Market risk				
22	Linkage of market risk measures to balance sheet	90 and 91	30 and 31	
23	Market risk factors	88 to 94, 218 and 219	30 to 33	
24	VaR: Assumptions, limitations and validation procedures	92		
25	Stress tests and backtesting	88 to 94		
Credit risk				
26	Credit risk exposures	87 and 179 to 191	29 and 66 to 74	22 to 50 and 23 to 31(2)
27	Policies for identifying impaired loans	84, 85, 152 and 153		
28	Movements in impaired loans and allowances for credit losses	125, 128, 129 and 179 to 191	66 to 74	28 to 31(2)
29	Counterparty credit risk relating to derivative transactions	83 to 86 and 198 to 201		42 to 50, 32(2) and 33(2)
30	Credit risk mitigation	81 to 86, 176 and 184		24, 28, 29 and 48 to 58
Other risks				
31	Other risks: Governance, measurement and management	76, 77 and 104 to 112		
32	Publicly known risk events	24, 104 and 105	10, 28 and 43	

(1) First quarter 2025.
(2) These pages are included in the document entitled *Supplementary Financial Information — First Quarter 2025.*

Accounting Policies and Financial Disclosure

Material Accounting Policies and Accounting Estimates

The Bank's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as issued by the International Accounting Standards Board (IASB). The financial statements also comply with section 308(4) of the *Bank Act* (Canada), which states that, except as otherwise specified by OSFI, the consolidated financial statements are to be prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards represent Canadian generally accepted accounting principles (GAAP). None of the OSFI accounting requirements are exceptions to IFRS Accounting Standards. The unaudited interim condensed consolidated financial statements for the quarter ended January 31, 2025 were prepared in accordance with IAS 34 – *Interim Financial Reporting* using the same accounting policies as those described in Note 1 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024.

In preparing consolidated financial statements in accordance with IFRS Accounting Standards, management must exercise judgment and make estimates and assumptions that affect the reporting date carrying amounts of assets and liabilities, net income, and related information. Some accounting policies are considered critical given their importance to the presentation of the Bank's financial position and operating results and require subjective and complex judgments and estimates on matters that are inherently uncertain. Any change in these judgments and estimates could have a significant impact on the Bank's consolidated financial statements. The material accounting policies and accounting estimates are the same as those described on pages 113 to 118 of the *2024 Annual Report*.

The geopolitical landscape, notably the measures affecting trade relations between Canada and its partners, including the imposition of tariffs and any measures taken in response to such tariffs, the Russia-Ukraine war and clashes between Israel and Hamas, inflation, climate change, and high interest rates continue to create uncertainty. Some of the Bank's accounting policies, such as measurement of expected credit losses (ECLs), require particularly complex judgments and estimates. See Note 1 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024 for a summary of the most significant estimation processes used to prepare the consolidated financial statements in accordance with IFRS Accounting Standards and for the valuation techniques used to determine the carrying values and fair values of assets and liabilities. The uncertainty regarding certain key inputs used in measuring ECLs is described in Note 6 to these unaudited interim condensed consolidated financial statements.

Future Accounting Policy Changes

The Bank closely monitors both new accounting standards and amendments to existing accounting standards issued by the IASB. There have been no significant updates to the future accounting policy changes disclosed in Note 3 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024. The Bank is currently assessing the impact of applying these standards on the Consolidated Financial Statements.

Financial Disclosure

During the first quarter of 2025, no changes were made to the policies, procedures, and other processes that comprise the Bank's internal control over financial reporting that had or could reasonably have a significant impact on the internal control over financial reporting.

Quarterly Financial Information

(millions of Canadian dollars, except per share amounts)	2025				2024			2023	2024	2023
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Total	Total
Total revenues	**3,183**	2,944	2,996	2,750	2,710	2,560	2,490	2,446	11,400	10,058
Net income	**997**	955	1,033	906	922	751	830	832	3,816	3,289
Earnings per share ($)										
Basic	**2.81**	2.69	2.92	2.56	2.61	2.11	2.35	2.37	10.78	9.33
Diluted	**2.78**	2.66	2.89	2.54	2.59	2.09	2.33	2.34	10.68	9.24
Dividends per common share ($)	**1.14**	1.10	1.10	1.06	1.06	1.02	1.02	0.97	4.32	3.98
Return on common shareholders' equity (%)(1)	**16.7**	16.4	18.4	16.9	17.1	14.1	16.1	17.2	17.2	16.3
Total assets	**483,833**	462,226	453,933	441,690	433,927	423,477	425,936	417,614		
Net impaired loans excluding POCI loans(1)	**1,366**	1,144	959	864	677	606	537	477		
Per common share ($)										
Book value(1)	**68.15**	65.74	64.64	62.28	61.18	60.40	58.53	57.45		
Share price										
High	**140.76**	134.23	118.17	114.68	103.38	103.58	103.28	103.45		
Low	**128.79**	111.98	106.21	101.24	86.50	84.97	94.62	92.67		

(1) See the Glossary section on pages 47 to 50 for details on the composition of these measures.

Glossary

Acceptances
Acceptances and the customers' liability under acceptances constitute a guarantee of payment by a bank and can be traded in the money market. The Bank earns a "stamping fee" for providing this guarantee.

Allowances for credit losses
Allowances for credit losses represent management's unbiased estimate of expected credit losses as at the balance sheet date. These allowances are primarily related to loans and off-balance-sheet items such as loan commitments and financial guarantees.

Assets under administration
Assets in respect of which a financial institution provides administrative services on behalf of the clients who own the assets. Such services include custodial services, collection of investment income, settlement of purchase and sale transactions, and record-keeping. Assets under administration are not reported on the balance sheet of the institution offering such services.

Assets under management
Assets managed by a financial institution and that are beneficially owned by clients. Management services are more comprehensive than administrative services and include selecting investments or offering investment advice. Assets under management, which may also be administered by the financial institution, are not reported on the balance sheet of the institution offering such services.

Available TLAC
Available TLAC includes total capital as well as certain senior unsecured debt subject to the federal government's bail-in regulations that satisfy all of the eligibility criteria in OSFI's *Total Loss Absorbing Capacity (TLAC) Guideline*.

Average interest-bearing assets
Average interest-bearing assets include interest-bearing deposits with financial institutions and certain cash items, securities, securities purchased under reverse repurchase agreements and securities borrowed, and loans, while excluding customers' liability under acceptances and other assets. The average is calculated based on the daily balances for the period.

Average interest-bearing assets, non-trading
Average interest-bearing assets, non-trading, include interest-bearing deposits with financial institutions and certain cash items, securities purchased under reverse repurchase agreements and securities borrowed, and loans, while excluding other assets and assets related to trading activities. The average is calculated based on the daily balances for the period.

Average volumes
Average volumes represent the average of the daily balances for the period of the consolidated balance sheet items.

Basic earnings per share
Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average basic number of common shares outstanding.

Basis point (bps)
Unit of measure equal to one one-hundredth of a percentage point (0.01%).

Book value of a common share
The book value of a common share is calculated by dividing common shareholders' equity by the number of common shares on a given date.

Common Equity Tier 1 (CET1) capital ratio
CET1 capital consists of common shareholders' equity less goodwill, intangible assets, and other capital deductions. The CET1 capital ratio is calculated by dividing total CET1 capital by the corresponding risk-weighted assets.

Compound annual growth rate (CAGR)
CAGR is a rate of growth that shows, for a period exceeding one year, the annual change as though the growth had been constant throughout the period.

Derivative financial instruments
Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, exchange rate, equity price, commodity price, credit instrument or index. Examples of derivatives include swaps, options, forward rate agreements, and futures. The notional amount of the derivative is the contract amount used as a reference point to calculate the payments to be exchanged between the two parties, and the notional amount itself is generally not exchanged by the parties.

Diluted earnings per share
Diluted earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding after taking into account the dilution effect of stock options using the treasury stock method and any gain (loss) on the redemption of preferred shares.

Dividend payout ratio
The dividend payout ratio represents the dividends of common shares (per share amount) expressed as a percentage of basic earnings per share.

Economic capital
Economic capital is the internal measure used by the Bank to determine the capital required for its solvency and to pursue its business operations. Economic capital takes into consideration the credit, market, operational, business and other risks to which the Bank is exposed as well as the risk diversification effect among them and among the business segments. Economic capital thus helps the Bank to determine the capital required to protect itself against such risks and ensure its long-term viability.

Efficiency ratio
The efficiency ratio represents non-interest expenses expressed as a percentage of total revenues. It measures the efficiency of the Bank's operations.

Fair value
The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions (i.e., an exit price).

Gross impaired loans as a percentage of total loans and acceptances
This measure represents gross impaired loans expressed as a percentage of the balance of loans and acceptances.

Gross impaired loans excluding POCI loans
Gross impaired loans excluding POCI loans are all loans classified in Stage 3 of the expected credit loss model excluding POCI loans.

Gross impaired loans excluding POCI loans as a percentage of total loans and acceptances
This measure represents gross impaired loans excluding POCI loans expressed as a percentage of the balance of loans and acceptances.

Hedging
The purpose of a hedging transaction is to modify the Bank's exposure to one or more risks by creating an offset between changes in the fair value of, or the cash flows attributable to, the hedged item and the hedging instrument.

Impaired loans
The Bank considers a financial asset, other than a credit card receivable, to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due. Credit card receivables are considered credit-impaired and are fully written off at the earlier of the following dates: when a notice of bankruptcy is received, a settlement proposal is made, or contractual payments are 180 days past due.

Leverage ratio
The leverage ratio is calculated by dividing Tier 1 capital by total exposure. Total exposure is defined as the sum of on-balance-sheet assets (including derivative financial instrument exposures and securities financing transaction exposures) and off-balance-sheet items.

Liquidity coverage ratio (LCR)
The LCR is a measure designed to ensure that the Bank has sufficient high-quality liquid assets to cover net cash outflows given a severe, 30-day liquidity crisis.

Loans and acceptances
Loans and acceptances represent the sum of loans and of the customers' liability under acceptances.

Loan-to-value ratio
The loan-to-value ratio is calculated according to the total facility amount for residential mortgages and home equity lines of credit divided by the value of the related residential property.

Master netting agreement
Legal agreement between two parties that have multiple derivative contracts with each other that provides for the net settlement of all contracts through a single payment, in the event of default, insolvency or bankruptcy.

Net impaired loans
Net impaired loans are gross impaired loans presented net of allowances for credit losses on Stage 3 loan amounts drawn.

Net impaired loans as a percentage of total loans and acceptances
This measure represents net impaired loans as a percentage of the balance of loans and acceptances.

Net impaired loans excluding POCI loans
Net impaired loans excluding POCI loans are gross impaired loans excluding POCI loans presented net of allowances for credit losses on amounts drawn on Stage 3 loans granted by the Bank.

Net interest income from trading activities
Net interest income from trading activities comprises dividends related to financial assets and liabilities associated with trading activities, net of interest expenses and interest income related to the financing of these financial assets and liabilities.

Net interest income, non-trading
Net interest income, non-trading, comprises revenues related to financial assets and liabilities associated with non-trading activities, net of interest expenses and interest income related to the financing of these financial assets and liabilities.

Net interest margin
Net interest margin is calculated by dividing net interest income by average interest-bearing assets.

Net stable funding ratio (NSFR)
The NSFR ratio is a measure that helps guarantee that the Bank is maintaining a stable funding profile to reduce the risk of funding stress.

Net write-offs as a percentage of average loans and acceptances
This measure represents the net write-offs (net of recoveries) expressed as a percentage of average loans and acceptances.

Non-interest income related to trading activities
Non-interest income related to trading activities consists of realized and unrealized gains and losses as well as interest income on securities measured at fair value through profit or loss, income from held-for-trading derivative financial instruments, changes in the fair value of loans at fair value through profit or loss, changes in the fair value of financial instruments designated at fair value through profit or loss, certain commission income, other trading activity revenues, and any applicable transaction costs.

Office of the Superintendent of Financial Institutions (Canada) (OSFI)
The mandate of OSFI is to regulate and supervise financial institutions and private pension plans subject to federal oversight, to help minimize undue losses to depositors and policyholders and, thereby, to contribute to public confidence in the Canadian financial system.

Operating leverage
Operating leverage is the difference between the growth rate for total revenues and the growth rate for non-interest expenses.

Provisioning rate
This measure represents the allowances for credit losses on impaired loans expressed as a percentage of gross impaired loans.

Provisioning rate excluding POCI loans
This measure represents the allowances for credit losses on impaired loans excluding POCI loans expressed as a percentage of gross impaired loans excluding POCI loans.

Provisions for credit losses
Amount charged to income necessary to bring the allowances for credit losses to a level deemed appropriate by management and is comprised of provisions for credit losses on impaired and non-impaired financial assets.

Provisions for credit losses as a percentage of average loans and acceptances
This measure represents the provisions for credit losses expressed as a percentage of average loans and acceptances.

Provisions for credit losses on impaired loans as a percentage of average loans and acceptances
This measure represents the provisions for credit losses on impaired loans expressed as a percentage of average loans and acceptances.

Provisions for credit losses on impaired loans excluding POCI loans
Amount charged to income necessary to bring the allowances for credit losses to a level deemed appropriate by management and is comprised of provisions for credit losses on impaired financial assets excluding POCI loans.

Provisions for credit losses on impaired loans excluding POCI loans as a percentage of average loans and acceptances or provisions for credit losses on impaired loans excluding POCI loans ratio
This measure represents the provisions for credit losses on impaired loans excluding POCI loans expressed as a percentage of average loans and acceptances.

Return on average assets
Return on average assets represents net income expressed as a percentage of average assets.

Return on common shareholders' equity (ROE)
ROE represents net income attributable to common shareholders expressed as a percentage of average equity attributable to common shareholders. It is a general measure of the Bank's efficiency in using equity.

Risk-weighted assets
Assets are risk weighted according to the guidelines established by OSFI. In the Standardized calculation approach, risk factors are applied directly to the face value of certain assets in order to reflect comparable risk levels. In the Advanced Internal Ratings-Based (AIRB) Approach, risk-weighted assets are derived from the Bank's internal models, which represent the Bank's own assessment of the risks it incurs. In the Foundation Internal Ratings-Based (FIRB) Approach, the Bank can use its own estimate of probability of default but must rely on OSFI estimates for the loss given default and exposure at default risk parameters. Off-balance-sheet instruments are converted to balance sheet (or credit) equivalents by adjusting the notional values before applying the appropriate risk-weighting factors.

Securities purchased under reverse repurchase agreements
Securities purchased by the Bank from a client pursuant to an agreement under which the securities will be resold to the same client on a specified date and at a specified price. Such an agreement is a form of short-term collateralized lending.

Securities sold under repurchase agreements
Financial obligations related to securities sold pursuant to an agreement under which the securities will be repurchased on a specified date and at a specified price. Such an agreement is a form of short-term funding.

Structured entity
A structured entity is an entity created to accomplish a narrow and well-defined objective and is designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate solely to administrative tasks and the relevant activities are directed by means of contractual arrangements.

Taxable equivalent basis
Taxable equivalent basis is a calculation method that 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 recognized in the income taxes.

Tier 1 capital ratio
Tier 1 capital ratio consists of Common Equity Tier 1 capital and Additional Tier 1 instruments, namely, qualifying non-cumulative preferred shares and the eligible amount of innovative instruments. The Tier 1 capital ratio is calculated by dividing Tier 1 capital, less regulatory adjustments, by the corresponding risk-weighted assets.

TLAC leverage ratio
The TLAC leverage ratio is an independent risk measure that is calculated by dividing available TLAC by total exposure, as set out in OSFI's *Total Loss Absorbing Capacity (TLAC) Guideline.*

TLAC ratio
The TLAC ratio is a measure used to assess whether a non-viable Domestic Systemically Important Bank (D-SIB) has sufficient loss-absorbing capacity to support its recapitalization. It is calculated by dividing available TLAC by risk weighted assets, as set out in OSFI's *Total Loss Absorbing Capacity (TLAC) Guideline*.

Total capital ratio
Total capital is the sum of Tier 1 and Tier 2 capital. Tier 2 capital consists of the eligible portion of subordinated debt and certain allowances for credit losses. The Total capital ratio is calculated by dividing Total capital, less regulatory adjustments, by the corresponding risk-weighted assets.

Total shareholder return (TSR)
TSR represents the average total return on an investment in the Bank's common shares. The return includes changes in share price and assumes that the dividends received were reinvested in additional common shares of the Bank.

Trading activity revenues
Trading activity revenues consist of the net interest income and the non-interest income related to trading activities. Net interest income comprises dividends related to financial assets and liabilities associated with trading activities, and some interest income related to the financing of these financial assets and liabilities net of interest expenses and interest income related to the financing of these financial assets and liabilities. Non-interest income consists of realized and unrealized gains and losses as well as interest income on securities measured at fair value through profit or loss, income from held-for-trading derivative financial instruments, changes in the fair value of loans at fair value through profit or loss, changes in the fair value of financial instruments designated at fair value through profit or loss, realized and unrealized gains and losses as well as interest expense on obligations related to securities sold short, certain commission income, other trading activity revenues, and any applicable transaction costs.

Value-at-Risk (VaR)
VaR is a statistical measure of risk that is used to quantify market risks across products, per types of risks, and aggregate risk on a portfolio basis. VaR is defined as the maximum loss at a specific confidence level over a certain horizon under normal market conditions. The VaR method has the advantage of providing a uniform measurement of financial instrument-related market risks based on a single statistical confidence level and time horizon.

Interim Condensed Consolidated Financial Statements

(unaudited)

Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)

	As at January 31, 2025	As at October 31, 2024
Assets		
Cash and deposits with financial institutions	34,608	31,549
Securities (Notes 3, 4 and 5)		
At fair value through profit or loss	126,536	115,935
At fair value through other comprehensive income	16,428	14,622
At amortized cost	16,122	14,608
	159,086	145,165
Securities purchased under reverse repurchase agreements and securities borrowed	15,229	16,265
Loans (Note 6)		
Residential mortgage	97,639	95,009
Personal	46,772	46,883
Credit card	2,710	2,761
Business and government	100,982	99,720
	248,103	244,373
Allowances for credit losses	(1,483)	(1,341)
	246,620	243,032
Other		
Derivative financial instruments	14,164	12,309
Premises and equipment	1,917	1,868
Goodwill	1,530	1,522
Intangible assets	1,222	1,233
Other assets (Note 7)	9,457	9,283
	28,290	26,215
	483,833	462,226
Liabilities and equity		
Deposits (Notes 4, 8 and 10)	351,095	333,545
Other		
Obligations related to securities sold short	11,575	10,873
Obligations related to securities sold under repurchase agreements and securities loaned	37,359	38,177
Derivative financial instruments	18,724	15,760
Liabilities related to transferred receivables (Note 4)	28,112	28,377
Other liabilities (Note 9)	8,307	8,686
	104,077	101,873
Subordinated debt (Note 11)	2,265	1,258
Equity		
Equity attributable to the Bank's shareholders and holders of other equity instruments (Notes 12 and 14)		
Preferred shares and other equity instruments	3,150	3,150
Common shares	3,485	3,463
Contributed surplus	84	85
Retained earnings	19,241	18,633
Accumulated other comprehensive income	435	219
	26,395	25,550
Non-controlling interests	1	–
	26,396	25,550
	483,833	462,226

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statements of Income

(unaudited) (millions of Canadian dollars)

	Quarter ended January 31	
	2025	2024
Interest income		
Loans	**3,896**	3,693
Securities at fair value through profit or loss	**533**	452
Securities at fair value through other comprehensive income	**168**	115
Securities at amortized cost	**138**	123
Deposits with financial institutions	**314**	423
	5,049	4,806
Interest expense		
Deposits	**3,187**	3,174
Liabilities related to transferred receivables	**195**	172
Subordinated debt	**19**	11
Other	**676**	698
	4,077	4,055
Net interest income(1)	**972**	751
Non-interest income		
Underwriting and advisory fees	**96**	88
Securities brokerage commissions	**57**	51
Mutual fund revenues	**178**	150
Investment management and trust service fees	**320**	268
Credit fees	**82**	148
Card revenues	**50**	50
Deposit and payment service charges	**72**	72
Trading revenues (losses)	**1,181**	1,001
Gains (losses) on non-trading securities, net	**27**	25
Insurance revenues, net	**22**	21
Foreign exchange revenues, other than trading	**66**	48
Share in the net income of associates and joint ventures	**2**	2
Other	**58**	35
	2,211	1,959
Total revenues	**3,183**	2,710
Non-interest expenses		
Compensation and employee benefits	**1,037**	904
Occupancy	**97**	87
Technology	**285**	259
Communications	**16**	13
Professional fees	**93**	66
Other	**118**	120
	1,646	1,449
Income before provisions for credit losses and income taxes	**1,537**	1,261
Provisions for credit losses (Note 6)	**254**	120
Income before income taxes	**1,283**	1,141
Income taxes (Note 16)	**286**	219
Net income	**997**	922
Net income attributable to		
Preferred shareholders and holders of other equity instruments	**39**	37
Common shareholders	**958**	885
Bank shareholders and holders of other equity instruments	**997**	922
Non-controlling interests	**–**	–
	997	922
Earnings per share *(dollars)* (Note 17)		
Basic	**2.81**	2.61
Diluted	**2.78**	2.59
Dividends per common share *(dollars)* (Note 12)	**1.14**	1.06

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

(1) *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, 2024.

Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)

	Quarter ended January 31	
	2025	2024
Net income	**997**	922
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	**453**	(243)
Impact of hedging net foreign currency translation gains (losses)	**(204)**	69
	249	(174)
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	**22**	45
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**(18)**	3
	4	48
Net change in cash flow hedges		
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**(15)**	29
Net (gains) losses on designated derivative financial instruments reclassified to net income	**(22)**	(26)
	(37)	3
Items that will not be subsequently reclassified to net income		
Remeasurements of pension plans and other post-employment benefit plans	**4**	8
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**17**	22
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**18**	(165)
	39	(135)
Total other comprehensive income, net of income taxes	**255**	(258)
Comprehensive income	**1,252**	664
Comprehensive income attributable to		
Bank shareholders and holders of other equity instruments	**1,252**	664
Non-controlling interests	**–**	–
	1,252	664

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

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 January 31	
	2025	2024
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	**(15)**	6
Impact of hedging net foreign currency translation gains (losses)	**(64)**	17
	(79)	23
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	**9**	17
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**(7)**	1
	2	18
Net change in cash flow hedges		
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**(5)**	11
Net (gains) losses on designated derivative financial instruments reclassified to net income	**(9)**	(10)
	(14)	1
Items that will not be subsequently reclassified to net income		
Remeasurements of pension plans and other post-employment benefit plans	**1**	3
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**6**	10
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**7**	(63)
	14	(50)
	(77)	(8)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statements of Changes in Equity

(unaudited) (millions of Canadian dollars)

	Quarter ended January 31	
	2025	2024
Preferred shares and other equity instruments at beginning and at end (Note 12)	3,150	3,150
Common shares at beginning (Note 12)	3,463	3,294
Issuances of common shares pursuant to the Stock Option Plan	28	51
Impact of shares purchased or sold for trading	(6)	2
Common shares at end	3,485	3,347
Contributed surplus at beginning	85	68
Stock option expense (Note 14)	5	4
Stock options exercised	(3)	(6)
Other	(3)	(3)
Contributed surplus at end	84	63
Retained earnings at beginning	18,633	16,650
Net income attributable to the Bank's shareholders and holders of other equity instruments	997	922
Dividends on preferred shares and distributions on other equity instruments (Note 12)	(45)	(43)
Dividends on common shares (Note 12)	(389)	(359)
Remeasurements of pension plans and other post-employment benefit plans	4	8
Net gains (losses) on equity securities designated at fair value through other comprehensive income	17	22
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	18	(165)
Impact of a financial liability resulting from put options written to non-controlling interests	–	1
Other	6	6
Retained earnings at end	19,241	17,042
Accumulated other comprehensive income at beginning	219	420
Net foreign currency translation adjustments	249	(174)
Net change in unrealized gains (losses) on debt securities at fair value through other comprehensive income	4	48
Net change in gains (losses) on instruments designated as cash flow hedges	(37)	3
Accumulated other comprehensive income at end	435	297
Equity attributable to the Bank's shareholders and holders of other equity instruments	26,395	23,899
Non-controlling interests at beginning	–	2
Net income attributable to non-controlling interests	–	–
Other	1	–
Non-controlling interests at end	1	2
Equity	26,396	23,901

Accumulated Other Comprehensive Income

	As at January 31, 2025	As at January 31, 2024
Accumulated other comprehensive income		
Net foreign currency translation adjustments	569	133
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	(22)	13
Net gains (losses) on instruments designated as cash flow hedges	(114)	149
Share in the other comprehensive income of associates and joint ventures	2	2
	435	297

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)

	Quarter ended January 31	
	2025	2024
Cash flows from operating activities		
Net income	997	922
Adjustments for		
Provisions for credit losses	254	120
Amortization of premises and equipment, including right-of-use assets	63	53
Amortization of intangible assets	75	72
Deferred taxes	35	(1)
Losses (gains) on sales of non-trading securities, net	(23)	(25)
Share in the net income of associates and joint ventures	(2)	(2)
Stock option expense	5	4
Gain on the fair value remeasurement of an equity interest (Note 18)	(4)	–
Change in operating assets and liabilities		
Securities at fair value through profit or loss	(10,601)	(5,460)
Securities purchased under reverse repurchase agreements and securities borrowed	1,036	(1,666)
Loans and acceptances, net of securitization	(4,107)	(5,180)
Deposits	17,550	11,924
Obligations related to securities sold short	702	2,480
Obligations related to securities sold under repurchase agreements and securities loaned	(818)	(1,034)
Derivative financial instruments, net	1,109	4,031
Securitization – Credit cards	(49)	–
Interest and dividends receivable and interest payable	(108)	39
Current tax assets and liabilities	(31)	116
Other items	(1,498)	(347)
	4,585	6,046
Cash flows from financing activities		
Issuances of common shares (including the impact of shares purchased for trading)	19	47
Issuance of subordinated debt	1,000	–
Repayments of lease liabilities	(24)	(37)
Dividends paid on shares and distributions on other equity instruments	(434)	(401)
	561	(391)
Cash flows from investing activities		
Net change in investments in associates and joint ventures	(2)	10
Purchases of non-trading securities	(10,956)	(5,122)
Maturities of non-trading securities	1,460	1,059
Sales of non-trading securities	6,683	1,531
Net change in premises and equipment, excluding right-of-use assets	(65)	(245)
Net change in intangible assets	(64)	(53)
	(2,944)	(2,820)
Impact of currency rate movements on cash and cash equivalents	857	(670)
Increase (decrease) in cash and cash equivalents	3,059	2,165
Cash and cash equivalents at beginning	31,549	35,234
Cash and cash equivalents at end (1)	34,608	37,399
Supplementary information about cash flows from operating activities		
Interest paid	4,341	4,108
Interest and dividends received	5,205	4,898
Income taxes paid	68	330

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

(1) This item represents the balance of *Cash and deposits with financial institutions* in the Consolidated Balance Sheet. It includes an amount of $14.3 billion as at January 31, 2025 ($11.7 billion as at October 31, 2024) for which there are restrictions and of which $7.6 billion ($6.5 billion as at October 31, 2024) represents the balances that the Bank must maintain with central banks, other regulatory agencies, and certain counterparties.

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited) (millions of Canadian dollars)

Note 1 – Basis of Presentation

On February 25, 2025, the Board of Directors authorized the publication of the Bank's unaudited interim condensed Consolidated Financial Statements (the Consolidated Financial Statements) for the quarter ended January 31, 2025.

The Bank's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards), as issued by the International Accounting Standards Board (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 Accounting Standards. IFRS Accounting Standards represent Canadian generally accepted accounting principles (GAAP). None of the OSFI accounting requirements are exceptions to IFRS Accounting Standards.

These Consolidated Financial Statements were prepared in accordance with IAS 34 – *Interim Financial Reporting* and using the same accounting policies as those described in Note 1 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024.

Judgment, Estimates and Assumptions

In preparing Consolidated Financial Statements in accordance with IFRS Accounting Standards, management must exercise judgment and make estimates and assumptions that affect the reporting date carrying amounts of assets and liabilities, net income, and related information. Some of the Bank's accounting policies, such as measurement of expected credit losses (ECLs), require particularly complex judgments and estimates. See Note 1 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024 for a summary of the most significant estimation processes used to prepare the Consolidated Financial Statements in accordance with IFRS Accounting Standards and for the valuation techniques used to determine the carrying values and fair values of assets and liabilities.

The geopolitical landscape, notably the measures affecting trade relations between Canada and its partners, including the imposition of tariffs and any measures taken in response to such tariffs, the Russia-Ukraine war and clashes between Israel and Hamas, inflation, climate change, and high interest rates continue to create uncertainty. As a result, establishing reliable estimates and applying judgment continue to be substantially complex. The uncertainty surrounding certain key inputs used in measuring ECLs is described in Note 6 to these Consolidated Financial Statements.

Unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Bank's functional and presentation currency.

Note 2 – Future Accounting Policy Changes

The Bank closely monitors both new accounting standards and amendments to existing accounting standards issued by the IASB. There have been no significant updates to the future accounting policy changes disclosed in Note 3 to the audited annual Consolidated Financial Statements for the year ended October 31, 2024. The Bank is currently assessing the impact of applying these standards on the Consolidated Financial Statements.

(unaudited) (millions of Canadian dollars)

Note 3 – Fair Value of Financial Instruments

Fair Value and Carrying Value of Financial Instruments by Category

Financial assets and financial liabilities are recognized on the Consolidated Balance Sheet at fair value or at amortized cost in accordance with the categories set out in the accounting framework for financial instruments.

								As at January 31, 2025
	Carrying value and fair value				Carrying value	Fair value		
	Financial instruments classified as at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Debt securities classified as at fair value through other comprehensive income	Equity securities designated at fair value through other comprehensive income	Financial instruments at amortized cost, net	Financial instruments at amortized cost, net	Total carrying value	Total fair value
Financial assets								
Cash and deposits with financial institutions	–	–	–	–	34,608	34,608	34,608	34,608
Securities	126,175	361	15,865	563	16,122	16,224	159,086	159,188
Securities purchased under reverse repurchase agreements and securities borrowed	–	–	–	–	15,229	15,229	15,229	15,229
Loans, net of allowances	15,604	–	–	–	231,016	232,293	246,620	247,897
Other								
Derivative financial instruments	14,164	–	–	–	–	–	14,164	14,164
Other assets	1,949	–	–	–	3,780	3,780	5,729	5,729
Financial liabilities								
Deposits(1)	–	27,936			323,159	323,507	351,095	351,443
Other								
Obligations related to securities sold short	11,575	–			–	–	11,575	11,575
Obligations related to securities sold under repurchase agreements and securities loaned	–	–			37,359	37,359	37,359	37,359
Derivative financial instruments	18,724	–			–	–	18,724	18,724
Liabilities related to transferred receivables	–	10,593			17,519	17,292	28,112	27,885
Other liabilities	–	–			4,230	4,230	4,230	4,230
Subordinated debt	–	–			2,265	2,316	2,265	2,316

(1) Includes embedded derivative financial instruments.

(unaudited) (millions of Canadian dollars)

Note 3 – Fair Value of Financial Instruments (cont.)

As at October 31, 2024

				Carrying value and fair value	Carrying value	Fair value		
	Financial instruments classified as at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Debt securities classified as at fair value through other comprehensive income	Equity securities designated at fair value through other comprehensive income	Financial instruments at amortized cost, net	Financial instruments at amortized cost, net	Total carrying value	Total fair value
Financial assets								
Cash and deposits with financial institutions	–	–	–	–	31,549	31,549	31,549	31,549
Securities	115,578	357	13,956	666	14,608	14,551	145,165	145,108
Securities purchased under reverse repurchase agreements and securities borrowed	–	–	–	–	16,265	16,265	16,265	16,265
Loans, net of allowances	14,972	–	–	–	228,060	229,614	243,032	244,586
Other								
Derivative financial instruments	12,309	–	–	–	–	–	12,309	12,309
Other assets	2,059	–	–	–	3,674	3,674	5,733	5,733
Financial liabilities								
Deposits(1)	–	26,190			307,355	307,553	333,545	333,743
Other								
Obligations related to securities sold short	10,873	–			–	–	10,873	10,873
Obligations related to securities sold under repurchase agreements and securities loaned	–	–			38,177	38,177	38,177	38,177
Derivative financial instruments	15,760	–			–	–	15,760	15,760
Liabilities related to transferred receivables	–	11,034			17,343	17,011	28,377	28,045
Other liabilities	–	–			4,114	4,114	4,114	4,114
Subordinated debt	–	–			1,258	1,296	1,258	1,296

(1) Includes embedded derivative financial instruments.

Establishing Fair Value

The fair value of a financial instrument is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction in the principal market at the measurement date under current market conditions (i.e., an exit price).

Unadjusted quoted prices in active markets provide the best evidence of fair value. When there is no quoted price in an active market, the Bank applies other valuation techniques that maximize the use of relevant observable inputs and that minimize the use of unobservable inputs. Such valuation techniques include the following: using information available from recent market transactions, referring to the current fair value of a comparable financial instrument, applying discounted cash flow analysis, applying option pricing models, or relying on any other valuation technique that is commonly used by market participants and has proven to yield reliable estimates. Judgment is required when applying many of the valuation techniques. The Bank's valuations were based on its assessment of the conditions prevailing as at January 31, 2025 and may change in the future. Furthermore, there may be measurement uncertainty resulting from the choice of valuation model used.

Fair value is established in accordance with a rigorous control framework. The Bank has policies and procedures that govern the process for determining fair value. The Bank's valuation governance structure has remained largely unchanged from that described in Note 4 to the audited annual consolidated financial statements for the year ended October 31, 2024. The valuation techniques used to determine the fair value of financial assets and financial liabilities are also described in this note, and no significant changes have been made to the valuation techniques.

(unaudited) (millions of Canadian dollars)

Financial Instruments Recorded at Fair Value in the Consolidated Balance Sheet

Hierarchy of Fair Value Measurements

IFRS Accounting Standards establish a fair value measurement hierarchy that classifies the inputs used in financial instrument fair value measurement techniques according to three levels. This fair value hierarchy requires observable market inputs in an active market to be used whenever such inputs exist. According to the hierarchy, the highest level of inputs are unadjusted quoted prices in active markets for identical instruments and the lowest level of inputs are unobservable inputs. In some cases, the inputs used to measure the fair value of a financial instrument might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. For additional information, see Note 4 to the audited annual consolidated financial statements for the year ended October 31, 2024.

Transfers of financial instruments between Levels 1 and 2 and transfers to (or from) Level 3 are deemed to have taken place at the beginning of the quarter in which the transfer occurred. Significant transfers can occur between the fair value hierarchy levels due to new information on inputs used to determine fair value and the observable nature of those inputs.

During the quarter ended January 31, 2025, $8 million in securities classified as at fair value through profit or loss and $1 million in commitments relating to securities sold short were transferred from Level 2 to Level 1 as a result of changing market conditions ($3 million in securities classified as at fair value through profit or loss during the quarter ended January 31, 2024). Also, during the quarter ended January 31, 2025, $2 million in securities classified as at fair value through profit or loss and $1 million in commitments relating to securities sold short were transferred from Level 1 to Level 2 as a result of changing market conditions ($2 million in securities classified as at fair value through profit or loss during the quarter ended January 31, 2024). During the quarters ended January 31, 2025 and 2024, financial instruments were transferred to (or from) Level 3 due to changes in the availability of observable market inputs as a result of changing market conditions.

The following tables show financial instruments recorded at fair value on the Consolidated Balance Sheet according to the fair value hierarchy.

				As at January 31, 2025
	Level 1	Level 2	Level 3	Total financial assets/liabilities at fair value
Financial assets				
Securities				
At fair value through profit or loss				
Securities issued or guaranteed by				
Canadian government	2,920	11,352	–	14,272
Canadian provincial and municipal governments	–	7,837	–	7,837
U.S. Treasury, other U.S. agencies and other foreign governments	1,279	1,798	–	3,077
Other debt securities	–	3,269	64	3,333
Equity securities	95,240	2,145	632	98,017
	99,439	26,401	696	126,536
At fair value through other comprehensive income				
Securities issued or guaranteed by				
Canadian government	426	4,948	–	5,374
Canadian provincial and municipal governments	–	3,272	–	3,272
U.S. Treasury, other U.S. agencies and other foreign governments	5,624	274	–	5,898
Other debt securities	–	1,321	–	1,321
Equity securities	–	253	310	563
	6,050	10,068	310	16,428
Loans	–	15,395	209	15,604
Other				
Derivative financial instruments	1,110	12,937	117	14,164
Other assets – Other items	–	1,863	86	1,949
	106,599	66,664	1,418	174,681
Financial liabilities				
Deposits(1)	–	32,953	–	32,953
Other				
Obligations related to securities sold short	5,731	5,844	–	11,575
Derivative financial instruments	1,436	17,266	22	18,724
Liabilities related to transferred receivables	–	10,593	–	10,593
	7,167	66,656	22	73,845

(1) The amounts include the fair value of embedded derivative financial instruments in deposits.

(unaudited) (millions of Canadian dollars)

Note 3 – Fair Value of Financial Instruments (cont.)

As at October 31, 2024

	Level 1	Level 2	Level 3	Total financial assets/liabilities at fair value
Financial assets				
Securities				
At fair value through profit or loss				
Securities issued or guaranteed by				
Canadian government	4,150	10,330	–	14,480
Canadian provincial and municipal governments	–	8,473	–	8,473
U.S. Treasury, other U.S. agencies and other foreign governments	1,169	1,046	–	2,215
Other debt securities	–	3,030	60	3,090
Equity securities	85,414	1,655	608	87,677
	90,733	24,534	668	115,935
At fair value through other comprehensive income				
Securities issued or guaranteed by				
Canadian government	170	5,048	–	5,218
Canadian provincial and municipal governments	–	2,900	–	2,900
U.S. Treasury, other U.S. agencies and other foreign governments	4,805	186	–	4,991
Other debt securities	–	847	–	847
Equity securities	–	359	307	666
	4,975	9,340	307	14,622
Loans	–	14,767	205	14,972
Other				
Derivative financial instruments	1,139	11,073	97	12,309
Other assets – Other items	–	1,976	83	2,059
	96,847	61,690	1,360	159,897
Financial liabilities				
Deposits(1)	–	30,434	–	30,434
Other				
Obligations related to securities sold short	6,052	4,821	–	10,873
Derivative financial instruments	1,976	13,758	26	15,760
Liabilities related to transferred receivables	–	11,034	–	11,034
	8,028	60,047	26	68,101

(1) The amounts include the fair value of embedded derivative financial instruments in deposits.

Financial Instruments Classified in Level 3

The Bank classifies financial instruments in Level 3 when the valuation technique is based on at least one significant input that is not observable in the markets. The Bank maximizes the use of observable inputs to determine the fair value of financial instruments.

For a description of the valuation techniques and significant unobservable inputs used in determining the fair value of financial instruments classified in Level 3, see Note 4 to the audited annual consolidated financial statements for the year ended October 31, 2024. For the quarter ended January 31, 2025, no significant change was made to the valuation techniques and significant unobservable inputs used in determining fair value.

Sensitivity Analysis of Financial Instruments Classified in Level 3

The Bank performs sensitivity analyses for the fair value measurements of Level 3 financial instruments, substituting unobservable inputs with one or more reasonably possible alternative assumptions. For additional information on how a change in an unobservable input might affect the fair value measurements of Level 3 financial instruments, see Note 4 to the audited annual consolidated financial statements for the year ended October 31, 2024. For the quarter ended January 31, 2025, there were no significant changes in the sensitivity analyses of Level 3 financial instruments.

(unaudited) (millions of Canadian dollars)

Change in the Fair Value of Financial Instruments Classified in Level 3

The Bank may hedge the fair value of financial instruments classified in the various levels through offsetting hedge positions. Gains and losses on financial instruments classified in Level 3 presented in the following tables do not reflect the inverse gains and losses on financial instruments used for economic hedging purposes that may have been classified in Level 1 or Level 2 by the Bank. In addition, the Bank may hedge the fair value of financial instruments classified in Level 3 using other financial instruments classified in Level 3. The effect of these hedges is not included in the net amount presented in the following tables. The gains and losses presented hereafter may comprise changes in fair value based on observable and unobservable inputs.

	Quarter ended January 31, 2025			
	Securities at fair value through profit or loss	**Securities at fair value through other comprehensive income**	**Loans and other assets**	**Derivative financial instruments**(1)
Fair value as at October 31, 2024	**668**	**307**	**288**	**71**
Total realized and unrealized gains (losses) included in *Net income*(2)	**21**	**–**	**(2)**	**26**
Total realized and unrealized gains (losses) included in *Other comprehensive income*	**–**	**3**	**–**	**–**
Purchases	**11**	**–**	**–**	**–**
Sales	**(4)**	**–**	**(2)**	**–**
Issuances	**–**	**–**	**5**	**–**
Settlements and other	**–**	**–**	**6**	**(4)**
Financial instruments transferred into Level 3	**–**	**–**	**–**	**–**
Financial instruments transferred out of Level 3	**–**	**–**	**–**	**2**
Fair value as at January 31, 2025	**696**	**310**	**295**	**95**
Change in unrealized gains and losses included in *Net income* with respect to financial assets and financial liabilities held as at January 31, 2025(3)	**19**	**–**	**(2)**	**26**

	Quarter ended January 31, 2024			
	Securities at fair value through profit or loss	Securities at fair value through other comprehensive income	Loans and other assets	Derivative financial instruments(1)
Fair value as at October 31, 2023	551	378	290	(15)
Total realized and unrealized gains (losses) included in *Net income*(4)	6	–	9	10
Total realized and unrealized gains (losses) included in *Other comprehensive income*	–	(6)	–	–
Purchases	14	–	–	–
Sales	(8)	(9)	(2)	–
Issuances	–	–	5	–
Settlements and other	–	–	(17)	207
Financial instruments transferred into Level 3	–	–	–	–
Financial instruments transferred out of Level 3	–	–	–	–
Fair value as at January 31, 2024	563	363	285	202
Change in unrealized gains and losses included in *Net income* with respect to financial assets and financial liabilities held as at January 31, 2024(5)	52	–	9	10

(1) The derivative financial instruments include assets and liabilities presented on a net basis.
(2) Total gains (losses) included in *Non-interest income* was a gain of $45 million.
(3) Total unrealized gains (losses) included in *Non-interest income* was an unrealized gain of $43 million.
(4) Total gains (losses) included in *Non-interest income* was a gain of $25 million.
(5) Total unrealized gains (losses) included in *Non-interest income* was an unrealized gain of $71 million.

(unaudited) (millions of Canadian dollars)

Note 4 – Financial Instruments Designated at Fair Value Through Profit or Loss

The Bank chose to designate certain financial instruments at fair value through profit or loss according to the criteria presented in Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2024. Consistent with its risk management strategy and in accordance with the fair value option, which permits the designation if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring financial assets and financial liabilities or recognizing the gains and losses thereon on different bases, the Bank designated certain securities and certain liabilities related to transferred receivables at fair value through profit or loss. The fair value of liabilities related to transferred receivables does not include credit risk, as the holders of these liabilities are not exposed to the Bank's credit risk. The Bank also designated certain deposits that include embedded derivative financial instruments at fair value through profit or loss.

To determine a change in fair value arising from a change in the credit risk of deposits designated at fair value through profit or loss, the Bank calculates, at the beginning of the period, the present value of the instrument's contractual cash flows using the following rates: first, an observed discount rate for similar securities that reflects the Bank's credit spread and, then, a rate that excludes the Bank's credit spread. The difference obtained between the two values is then compared to the difference obtained using the same rates at the end of the period.

Information about the financial assets and financial liabilities designated at fair value through profit or loss is provided in the following tables.

	Carrying value as at January 31, 2025	Unrealized gains (losses) for the quarter ended January 31, 2025	Unrealized gains (losses) since the initial recognition of the instrument
Financial assets designated at fair value through profit or loss			
Securities	361	3	11
Financial liabilities designated at fair value through profit or loss			
Deposits(1)(2)	27,936	51	1,438
Liabilities related to transferred receivables	10,593	(94)	33
	38,529	(43)	1,471

	Carrying value as at January 31, 2024	Unrealized gains (losses) for the quarter ended January 31, 2024	Unrealized gains (losses) since the initial recognition of the instrument
Financial assets designated at fair value through profit or loss			
Securities	660	9	1
Financial liabilities designated at fair value through profit or loss			
Deposits(1)(2)	21,372	(1,841)	2,073
Liabilities related to transferred receivables	9,779	(170)	382
	31,151	(2,011)	2,455

(1) For the quarter ended January 31, 2025, the change in the fair value of deposits designated at fair value through profit or loss attributable to credit risk, and recorded in *Other comprehensive income,* resulted in a gain of $25 million ($228 million loss for the quarter ended January 31, 2024).
(2) The amount at maturity that the Bank will be contractually required to pay to the holders of these deposits varies and will differ from the reporting date fair value.

(unaudited) (millions of Canadian dollars)

Note 5 – Securities

Credit Quality

As at January 31, 2025 and as at October 31, 2024, securities at fair value through other comprehensive income and securities at amortized cost were mainly classified in Stage 1, with their credit quality falling mostly in the "Excellent" category according to the Bank's internal risk-rating categories. For additional information on the reconciliation of allowances for credit losses, see Note 6 to these Consolidated Financial Statements.

Unrealized Gross Gains (Losses) on Securities at Fair Value Through Other Comprehensive Income(1)

				As at January 31, 2025
	Amortized cost	Unrealized gross gains	Unrealized gross losses	Carrying value(2)
Securities issued or guaranteed by				
Canadian government	5,260	142	(28)	5,374
Canadian provincial and municipal governments	3,226	75	(29)	3,272
U.S. Treasury, other U.S. agencies and other foreign governments	5,915	22	(39)	5,898
Other debt securities	1,360	6	(45)	1,321
Equity securities	470	93	–	563
	16,231	338	(141)	16,428

				As at October 31, 2024
	Amortized cost	Unrealized gross gains	Unrealized gross losses	Carrying value(2)
Securities issued or guaranteed by				
Canadian government	5,166	96	(44)	5,218
Canadian provincial and municipal governments	2,894	45	(39)	2,900
U.S. Treasury, other U.S. agencies and other foreign governments	4,986	37	(32)	4,991
Other debt securities	888	3	(44)	847
Equity securities	591	77	(2)	666
	14,525	258	(161)	14,622

(1) Excludes the impact of hedging.
(2) The allowances for credit losses on securities at fair value through other comprehensive income (excluding equity securities), representing $4 million as at January 31, 2025 ($3 million as at October 31, 2024), are reported in *Other comprehensive income*. For additional information, see Note 6 to these Consolidated Financial Statements.

Equity Securities Designated at Fair Value Through Other Comprehensive Income

The Bank designated certain equity securities, the main business objective of which is to generate dividend income, at fair value through other comprehensive income without subsequent reclassification of gains and losses to net income. During the quarter ended January 31, 2025, a dividend income amount of $14 million was recognized for these investments ($17 million for the quarter ended January 31, 2024), including a negligible amount for investments that were sold during the quarter ended January 31, 2025 (a negligible amount for investments that were sold during the quarter ended January 31, 2024).

	Quarter ended January 31, 2025			Quarter ended January 31, 2024		
	Equity securities of private companies	Equity securities of public companies	Total	Equity securities of private companies	Equity securities of public companies	Total
Fair value at beginning	307	359	666	378	281	659
Change in fair value	3	20	23	(6)	38	32
Designated at fair value through other comprehensive income	–	40	40	–	51	51
Sales(1)	–	(166)	(166)	(9)	(37)	(46)
Fair value at end	310	253	563	363	333	696

(1) The Bank disposed of private and public company equity securities for economic reasons.

(unaudited) (millions of Canadian dollars)

Note 5 – Securities (cont.)

Securities at Amortized Cost

	As at January 31, 2025	As at October 31, 2024
Securities issued or guaranteed by		
Canadian government	9,961	9,194
Canadian provincial and municipal governments	3,637	2,458
U.S. Treasury, other U.S. agencies and other foreign governments	647	687
Other debt securities	1,883	2,275
Gross carrying value	16,128	14,614
Allowances for credit losses	6	6
Carrying value	16,122	14,608

Gains (Losses) on Disposals of Securities at Amortized Cost

During the quarters ended January 31, 2025 and 2024, the Bank disposed of certain debt securities measured at amortized cost. The carrying value of these securities upon disposal was $2,950 million for the quarter ended January 31, 2025 ($120 million for the quarter ended January 31, 2024), and the Bank recognized gains of $3 million for the quarter ended January 31, 2025 (a negligible amount for the quarter ended January 31, 2024) in *Non-interest income – Gains (losses) on non-trading securities, net* in the Consolidated Statement of Income.

Note 6 – Loans and Allowances for Credit Losses

Determining and Measuring Expected Credit Losses (ECL)

Determining Expected Credit Losses
Expected credit losses are determined using a three-stage impairment approach that is based on the change in the credit quality of financial assets since initial recognition.

Non-Impaired Loans
Stage 1
Financial assets that have experienced no significant increase in credit risk between initial recognition and the reporting date, and for which 12-month expected credit losses are recorded at the reporting date, are classified in Stage 1.

Stage 2
Financial assets that have experienced a significant increase in credit risk between initial recognition and the reporting date, and for which lifetime expected credit losses are recorded at the reporting date, are classified in Stage 2.

Impaired Loans
Stage 3
Financial assets for which there is objective evidence of impairment, for which one or more events have had a detrimental impact on the estimated future cash flows of these financial assets at the reporting date, and for which lifetime expected credit losses are recorded, are classified in Stage 3.

POCI
Financial assets that are credit-impaired when purchased or originated (POCI) are classified in the POCI category.

For additional information, see Notes 1 and 8 to the audited annual consolidated financial statements for the year ended October 31, 2024.

Credit Quality of Loans

The following tables present the gross carrying amounts of loans as at January 31, 2025 and as at October 31, 2024, according to credit quality and ECL impairment stage of each loan category at amortized cost, and according to credit quality for loans at fair value through profit or loss. For additional information on credit quality according to the Internal Ratings-Based (IRB) categories, see the Internal Default Risk Ratings table on page 81 in the Credit Risk section of the *2024 Annual Report*.

(unaudited) (millions of Canadian dollars)

						As at January 31, 2025
	Non-impaired loans		Impaired loans		Loans at fair value through profit or loss[1]	
	Stage 1	Stage 2	Stage 3	POCI		Total
Residential mortgage						
Excellent	33,854	19	–	–	–	33,873
Good	16,809	242	–	–	–	17,051
Satisfactory	14,542	3,874	–	–	–	18,416
Special mention	356	740	–	–	–	1,096
Substandard	68	275	–	–	–	343
Default	–	–	128	–	–	128
IRB Approach	65,629	5,150	128	–	–	70,907
Standardized Approach	11,841	314	568	247	13,762	26,732
Gross carrying amount	77,470	5,464	696	247	13,762	97,639
Allowances for credit losses[2]	63	86	154	(88)	–	215
Carrying amount	77,407	5,378	542	335	13,762	97,424
Personal						
Excellent	21,841	190	–	–	–	22,031
Good	6,767	1,441	–	–	–	8,208
Satisfactory	6,976	2,120	–	–	–	9,096
Special mention	2,125	805	–	–	–	2,930
Substandard	50	284	–	–	–	334
Default	–	–	247	–	–	247
IRB Approach	37,759	4,840	247	–	–	42,846
Standardized Approach	3,610	95	115	106	–	3,926
Gross carrying amount	41,369	4,935	362	106	–	46,772
Allowances for credit losses[2]	106	136	168	(15)	–	395
Carrying amount	41,263	4,799	194	121	–	46,377
Credit card						
Excellent	477	–	–	–	–	477
Good	386	–	–	–	–	386
Satisfactory	730	32	–	–	–	762
Special mention	488	227	–	–	–	715
Substandard	72	158	–	–	–	230
Default	–	–	–	–	–	–
IRB Approach	2,153	417	–	–	–	2,570
Standardized Approach	140	–	–	–	–	140
Gross carrying amount	2,293	417	–	–	–	2,710
Allowances for credit losses[2]	46	111	–	–	–	157
Carrying amount	2,247	306	–	–	–	2,553
Business and government						
Excellent	5,504	–	–	–	1,625	7,129
Good	27,342	5	–	–	7	27,354
Satisfactory	36,719	11,966	–	–	145	48,830
Special mention	344	1,699	–	–	–	2,043
Substandard	4	548	–	1	–	553
Default	–	–	694	10	–	704
IRB Approach	69,913	14,218	694	11	1,777	86,613
Standardized Approach	13,940	139	215	10	65	14,369
Gross carrying amount	83,853	14,357	909	21	1,842	100,982
Allowances for credit losses[2]	221	209	279	7	–	716
Carrying amount	83,632	14,148	630	14	1,842	100,266
Total loans						
Gross carrying amount	204,985	25,173	1,967	374	15,604	248,103
Allowances for credit losses[2]	436	542	601	(96)	–	1,483
Carrying amount	204,549	24,631	1,366	470	15,604	246,620

(1) Not subject to expected credit losses.
(2) The allowances for credit losses do not include the amounts related to undrawn commitments reported in the *Other liabilities* item of the Consolidated Balance Sheet.

(unaudited) (millions of Canadian dollars)

Note 6 – Loans and Allowances for Credit Losses (cont.)

As at October 31, 2024

	Non-impaired loans		Impaired loans		Loans at fair value through profit or loss[1]	
	Stage 1	Stage 2	Stage 3	POCI		Total
Residential mortgage						
Excellent	33,651	16	–	–	–	33,667
Good	17,063	241	–	–	–	17,304
Satisfactory	12,634	4,209	–	–	–	16,843
Special mention	358	800	–	–	–	1,158
Substandard	70	300	–	–	–	370
Default	–	–	118	–	–	118
IRB Approach	63,776	5,566	118	–	–	69,460
Standardized Approach	11,350	266	494	247	13,192	25,549
Gross carrying amount	75,126	5,832	612	247	13,192	95,009
Allowances for credit losses[2]	62	85	137	(87)	–	197
Carrying amount	75,064	5,747	475	334	13,192	94,812
Personal						
Excellent	21,702	274	–	–	–	21,976
Good	6,686	1,618	–	–	–	8,304
Satisfactory	6,959	2,247	–	–	–	9,206
Special mention	2,111	845	–	–	–	2,956
Substandard	53	279	–	–	–	332
Default	–	–	226	–	–	226
IRB Approach	37,511	5,263	226	–	–	43,000
Standardized Approach	3,580	84	101	118	–	3,883
Gross carrying amount	41,091	5,347	327	118	–	46,883
Allowances for credit losses[2]	102	123	146	(11)	–	360
Carrying amount	40,989	5,224	181	129	–	46,523
Credit card						
Excellent	551	–	–	–	–	551
Good	399	–	–	–	–	399
Satisfactory	729	28	–	–	–	757
Special mention	484	211	–	–	–	695
Substandard	69	149	–	–	–	218
Default	–	–	–	–	–	–
IRB Approach	2,232	388	–	–	–	2,620
Standardized Approach	141	–	–	–	–	141
Gross carrying amount	2,373	388	–	–	–	2,761
Allowances for credit losses[2]	42	114	–	–	–	156
Carrying amount	2,331	274	–	–	–	2,605
Business and government						
Excellent	7,743	–	–	–	1,486	9,229
Good	27,950	7	–	–	53	28,010
Satisfactory	34,626	11,381	–	–	147	46,154
Special mention	255	1,770	–	–	–	2,025
Substandard	2	481	–	2	–	485
Default	–	–	555	10	–	565
IRB Approach	70,576	13,639	555	12	1,686	86,468
Standardized Approach	12,879	107	158	14	94	13,252
Gross carrying amount	83,455	13,746	713	26	1,780	99,720
Allowances for credit losses[2]	218	181	225	4	–	628
Carrying amount	83,237	13,565	488	22	1,780	99,092
Total loans						
Gross carrying amount	202,045	25,313	1,652	391	14,972	244,373
Allowances for credit losses[2]	424	503	508	(94)	–	1,341
Carrying amount	201,621	24,810	1,144	485	14,972	243,032

(1) Not subject to expected credit losses.
(2) The allowances for credit losses do not include the amounts related to undrawn commitments reported in the *Other liabilities* item of the Consolidated Balance Sheet.

(unaudited) (millions of Canadian dollars)

The following table presents the credit risk exposures of off-balance-sheet commitments as at January 31, 2025 and as at October 31, 2024 according to credit quality and ECL impairment stage.

	As at January 31, 2025				As at October 31, 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Off-balance-sheet commitments(1)								
Retail								
Excellent	**16,425**	**83**	**–**	**16,508**	16,159	113	–	16,272
Good	**3,593**	**392**	**–**	**3,985**	3,492	415	–	3,907
Satisfactory	**1,121**	**251**	**–**	**1,372**	1,095	249	–	1,344
Special mention	**406**	**121**	**–**	**527**	381	112	–	493
Substandard	**30**	**48**	**–**	**78**	30	35	–	65
Default	**–**	**–**	**2**	**2**	–	–	1	1
Non-retail								
Excellent	**13,728**	**–**	**–**	**13,728**	13,071	–	–	13,071
Good	**22,272**	**–**	**–**	**22,272**	22,547	–	–	22,547
Satisfactory	**16,420**	**6,634**	**–**	**23,054**	15,513	6,351	–	21,864
Special mention	**31**	**313**	**–**	**344**	24	278	–	302
Substandard	**4**	**46**	**–**	**50**	2	52	–	54
Default	**–**	**–**	**24**	**24**	–	–	27	27
IRB Approach	**74,030**	**7,888**	**26**	**81,944**	72,314	7,605	28	79,947
Standardized Approach	**18,177**	**–**	**–**	**18,177**	18,968	–	–	18,968
Total exposure	**92,207**	**7,888**	**26**	**100,121**	91,282	7,605	28	98,915
Allowances for credit losses	**154**	**72**	**1**	**227**	142	72	–	214
Total exposure, net of allowances	**92,053**	**7,816**	**25**	**99,894**	91,140	7,533	28	98,701

(1) Represent letters of guarantee and documentary letters of credit, undrawn commitments, and backstop liquidity and credit enhancement facilities.

Loans Past Due But Not Impaired(1)

	As at January 31, 2025				As at October 31, 2024			
	Residential mortgage	**Personal**	**Credit card**	**Business and government**	Residential mortgage	Personal	Credit card	Business and government
Past due but not impaired								
31 to 60 days	**224**	**126**	**32**	**79**	179	121	30	76
61 to 90 days	**89**	**58**	**18**	**54**	82	48	14	33
Over 90 days(2)	**–**	**–**	**36**	**–**	–	–	35	–
	313	**184**	**86**	**133**	261	169	79	109

(1) Loans less than 31 days past due are not presented as they are not considered past due from an administrative standpoint.
(2) All loans more than 90 days past due, except for credit card receivables, are considered impaired (Stage 3).

Impaired Loans

	As at January 31, 2025			As at October 31, 2024		
	Gross	**Allowances for credit losses**	**Net**	Gross	Allowances for credit losses	Net
Loans – Stage 3						
Residential mortgage	**696**	**154**	**542**	612	137	475
Personal	**362**	**168**	**194**	327	146	181
Credit card(1)	**–**	**–**	**–**	–	–	–
Business and government	**909**	**279**	**630**	713	225	488
	1,967	**601**	**1,366**	1,652	508	1,144
Loans – POCI	**374**	**(96)**	**470**	391	(94)	485
	2,341	**505**	**1,836**	2,043	414	1,629

(1) Credit card receivables are considered impaired, at the latest, when payment is 180 days past due, and they are written off at that time.

(unaudited) (millions of Canadian dollars)

Note 6 – Loans and Allowances for Credit Losses (cont.)

Allowances for Credit Losses

The following tables present a reconciliation of the allowances for credit losses by Consolidated Balance Sheet item and by type of off-balance-sheet commitment.

						Quarter ended January 31, 2025
	Allowances for credit losses as at October 31, 2024	Provisions for credit losses	Write-offs(1)	Disposals	Recoveries and other	Allowances for credit losses as at January 31, 2025
Balance sheet						
Cash and deposits with financial institutions(2)(3)	9	2	–	–	–	11
Securities(3)						
At fair value through other comprehensive income(4)	3	1	–	–	–	4
At amortized cost(2)	6	–	–	–	–	6
Securities purchased under reverse repurchase agreements and securities borrowed(2)(3)	–	–	–	–	–	–
Loans(5)						
Residential mortgage	197	14	(1)	–	5	215
Personal	360	66	(38)	–	7	395
Credit card	156	28	(31)	–	4	157
Business and government	628	130	(45)	–	3	716
	1,341	238	(115)	–	19	1,483
Other assets(2)(3)	–	–	–	–	–	–
Off-balance-sheet commitments(6)						
Letters of guarantee and documentary letters of credit	21	1	–	–	–	22
Undrawn commitments	188	12	–	–	–	200
Backstop liquidity and credit enhancement facilities	5	–	–	–	–	5
	214	13	–	–	–	227
	1,573	254	(115)	–	19	1,731

						Quarter ended January 31, 2024
	Allowances for credit losses as at October 31, 2023	Provisions for credit losses	Write-offs(1)	Disposals	Recoveries and other	Allowances for credit losses as at January 31, 2024
Balance sheet						
Cash and deposits with financial institutions(2)(3)	10	(3)	–	–	–	7
Securities(3)						
At fair value through other comprehensive income(4)	3	–	–	–	–	3
At amortized cost(2)	4	(1)	–	–	–	3
Securities purchased under reverse repurchase agreements and securities borrowed(2)(3)	–	–	–	–	–	–
Loans(5)						
Residential mortgage	154	15	(1)	–	(2)	166
Personal	271	44	(23)	–	1	293
Credit card	139	27	(26)	–	4	144
Business and government	567	23	(44)	–	10	556
Customers' liability under acceptances	53	(1)	–	–	–	52
	1,184	108	(94)	–	13	1,211
Other assets(2)(3)	–	–	–	–	–	–
Off-balance-sheet commitments(6)						
Letters of guarantee and documentary letters of credit	16	3	–	–	–	19
Undrawn commitments	152	14	–	–	–	166
Backstop liquidity and credit enhancement facilities	8	(1)	–	–	–	7
	176	16	–	–	–	192
	1,377	120	(94)	–	13	1,416

(1) The contractual amount outstanding on financial assets that were written off during the quarter ended January 31, 2025 and that are still subject to enforcement activity was $51 million ($35 million for the quarter ended January 31, 2024).
(2) These financial assets are presented net of the allowances for credit losses on the Consolidated Balance Sheet.
(3) As at January 31, 2025 and 2024, these financial assets were mainly classified in Stage 1 and their credit quality fell mostly within the *Excellent* category.
(4) The allowances for credit losses are reported in the *Accumulated other comprehensive income* item of the Consolidated Balance Sheet.
(5) The allowances for credit losses are reported in the *Allowances for credit losses* item of the Consolidated Balance Sheet.
(6) The allowances for credit losses are reported in the *Other liabilities* item of the Consolidated Balance Sheet.

(unaudited) (millions of Canadian dollars)

The following tables present a reconciliation of allowances for credit losses for each loan category at amortized cost according to ECL impairment stage.

	Quarter ended January 31, 2025					Quarter ended January 31, 2024				
	Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans			Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans		
	Stage 1	Stage 2	Stage 3	POCI[1]	Total	Stage 1	Stage 2	Stage 3	POCI[1]	Total
Residential mortgage										
Balance at beginning	62	85	137	(87)	197	69	93	87	(95)	154
Originations or purchases	4	–	–	–	4	2	–	–	–	2
Transfers[2]:										
to Stage 1	13	(12)	(1)	–	–	16	(14)	(2)	–	–
to Stage 2	(2)	6	(4)	–	–	(3)	7	(4)	–	–
to Stage 3	–	(5)	5	–	–	–	(13)	13	–	–
Net remeasurement of loss allowances[3]	(15)	11	15	3	14	(8)	33	(1)	1	25
Derecognitions[4]	(1)	(1)	(2)	–	(4)	(2)	(2)	(2)	–	(6)
Changes to models	–	–	–	–	–	(2)	(12)	8	–	(6)
Provisions for credit losses	(1)	(1)	13	3	14	3	(1)	12	1	15
Write-offs	–	–	(1)	–	(1)	–	–	(1)	–	(1)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	1	–	1	–	–	–	–	–
Foreign exchange movements and other	2	2	4	(4)	4	(1)	(1)	(2)	2	(2)
Balance at end	63	86	154	(88)	215	71	91	96	(92)	166
Includes:										
Amounts drawn	63	86	154	(88)	215	71	91	96	(92)	166
Undrawn commitments[5]	–	–	–	–	–	–	–	–	–	–
Personal										
Balance at beginning	107	127	146	(11)	369	95	114	87	(15)	281
Originations or purchases	10	–	–	–	10	7	–	–	–	7
Transfers[2]:										
to Stage 1	26	(24)	(2)	–	–	21	(19)	(2)	–	–
to Stage 2	(11)	12	(1)	–	–	(5)	6	(1)	–	–
to Stage 3	–	(20)	20	–	–	–	(18)	18	–	–
Net remeasurement of loss allowances[3]	(21)	47	40	(3)	63	(17)	39	19	1	42
Derecognitions[4]	(2)	(3)	(2)	–	(7)	(2)	(4)	(1)	–	(7)
Changes to models	–	–	–	–	–	–	(1)	3	–	2
Provisions for credit losses	2	12	55	(3)	66	4	3	36	1	44
Write-offs	–	–	(38)	–	(38)	–	–	(23)	–	(23)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	4	–	4	–	–	4	–	4
Foreign exchange movements and other	2	1	1	(1)	3	(2)	(1)	(1)	1	(3)
Balance at end	111	140	168	(15)	404	97	116	103	(13)	303
Includes:										
Amounts drawn	106	136	168	(15)	395	92	111	103	(13)	293
Undrawn commitments[5]	5	4	–	–	9	5	5	–	–	10

(1) No POCI loans were acquired during the quarters ended January 31, 2025 and 2024.
(2) Represent stage transfers deemed to have taken place at the beginning of the quarter in which the transfer occurred.
(3) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volumes and in the credit quality of existing loans as well as to changes in risk parameters.
(4) Represent reversals to loss allowances arising from full loan repayments (excluding write-offs and disposals).
(5) The allowances for credit losses on undrawn commitments are reported in the *Other liabilities* item of the Consolidated Balance Sheet.

(unaudited) (millions of Canadian dollars)

Note 6 – Loans and Allowances for Credit Losses (cont.)

	Quarter ended January 31, 2025					Quarter ended January 31, 2024				
	Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans			Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans		
	Stage 1	Stage 2	Stage 3	POCI(1)	Total	Stage 1	Stage 2	Stage 3	POCI(1)	Total
Credit card										
Balance at beginning	70	141	–	–	211	59	127	–	–	186
Originations or purchases	3	–	–	–	3	2	–	–	–	2
Transfers(2):										
to Stage 1	27	(27)	–	–	–	29	(29)	–	–	–
to Stage 2	(6)	6	–	–	–	(5)	5	–	–	–
to Stage 3	–	(13)	13	–	–	–	(10)	10	–	–
Net remeasurement of loss allowances(3)	(15)	36	14	–	35	(25)	38	12	–	25
Derecognitions(4)	(1)	–	–	–	(1)	(1)	–	–	–	(1)
Changes to models	–	–	–	–	–	–	–	–	–	–
Provisions for credit losses	8	2	27	–	37	–	4	22	–	26
Write-offs	–	–	(31)	–	(31)	–	–	(26)	–	(26)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	4	–	4	–	–	4	–	4
Foreign exchange movements and other	–	–	–	–	–	–	–	–	–	–
Balance at end	78	143	–	–	221	59	131	–	–	190
Includes:										
Amounts drawn	46	111	–	–	157	34	110	–	–	144
Undrawn commitments(5)	32	32	–	–	64	25	21	–	–	46
Business and government										
Balance at beginning	308	215	225	4	752	251	220	244	–	715
Originations or purchases	37	–	–	–	37	39	–	–	–	39
Transfers(2):										
to Stage 1	14	(14)	–	–	–	9	(8)	(1)	–	–
to Stage 2	(12)	15	(3)	–	–	(13)	14	(1)	–	–
to Stage 3	–	(5)	5	–	–	–	(2)	2	–	–
Net remeasurement of loss allowances(3)	(22)	39	100	1	118	(1)	–	31	(11)	19
Derecognitions(4)	(9)	(12)	(1)	–	(22)	(8)	(6)	(3)	–	(17)
Changes to models	–	–	–	–	–	–	(5)	1	–	(4)
Provisions for credit losses	8	23	101	1	133	26	(7)	29	(11)	37
Write-offs	–	–	(45)	–	(45)	–	–	(44)	–	(44)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	–	2	2	–	–	1	13	14
Foreign exchange movements and other	2	–	(1)	–	1	(1)	–	(3)	–	(4)
Balance at end	318	238	280	7	843	276	213	227	2	718
Includes:										
Amounts drawn	221	209	279	7	716	193	186	227	2	608
Undrawn commitments(5)	97	29	1	–	127	83	27	–	–	110
Total allowances for credit losses at end(6)	570	607	602	(96)	1,683	503	551	426	(103)	1,377
Includes:										
Amounts drawn	436	542	601	(96)	1,483	390	498	426	(103)	1,211
Undrawn commitments(5)	134	65	1	–	200	113	53	–	–	166

(1) No POCI loans were acquired during the quarters ended January 31, 2025 and 2024.
(2) Represent stage transfers deemed to have taken place at the beginning of the quarter in which the transfer occurred.
(3) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volumes and in the credit quality of existing loans as well as to changes in risk parameters.
(4) Represent reversals to loss allowances arising from full loan repayments (excluding write-offs and disposals).
(5) The allowances for credit losses on undrawn commitments are reported in the *Other liabilities* item of the Consolidated Balance Sheet.
(6) Excludes allowances for credit losses on other financial assets at amortized cost and on off-balance-sheet commitments other than undrawn commitments.

(unaudited) (millions of Canadian dollars)

Main Macroeconomic Factors

The following tables show the main macroeconomic factors used to estimate the allowances for credit losses on loans. For each scenario, namely, the base scenario, upside scenario, and downside scenario, the average values of the macroeconomic factors over the next 12 months (used for Stage 1 credit loss calculations) and over the remaining forecast period (used for Stage 2 credit loss calculations) are presented.

						As at January 31, 2025
	Base scenario		Upside scenario		Downside scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Macroeconomic factors(1)						
GDP growth(2)	1.4 %	1.7 %	1.6 %	2.1 %	(5.4) %	2.7 %
Unemployment rate	7.0 %	6.5 %	6.7 %	6.0 %	8.9 %	8.1 %
Housing price index growth(2)	6.4 %	2.7 %	9.7 %	2.4 %	(13.9) %	0.3 %
BBB spread(3)	2.0 %	1.7 %	1.4 %	1.4 %	3.2 %	2.4 %
S&P/TSX growth(2)(4)	(8.4) %	2.8 %	4.0 %	3.0 %	(25.6) %	5.5 %
WTI oil price(5) *(US$ per barrel)*	67	69	82	78	41	51

						As at October 31, 2024
	Base scenario		Upside scenario		Downside scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Macroeconomic factors(1)						
GDP growth(2)	1.2 %	2.0 %	1.9 %	2.1 %	(5.2) %	2.7 %
Unemployment rate	7.3 %	6.7 %	6.5 %	5.8 %	8.7 %	7.9 %
Housing price index growth(2)	4.1 %	2.6 %	7.7 %	2.4 %	(13.9) %	0.3 %
BBB spread(3)	2.2 %	1.9 %	1.7 %	1.6 %	3.4 %	2.6 %
S&P/TSX growth(2)(4)	(3.8) %	2.7 %	4.0 %	3.0 %	(25.6) %	5.5 %
WTI oil price(5) *(US$ per barrel)*	71	75	89	84	45	55

(1) All macroeconomic factors are based on the Canadian economy unless otherwise indicated.
(2) Growth rate is annualized.
(3) Yield on corporate BBB bonds less yield on Canadian federal government bonds with 10-year maturity.
(4) Main stock index in Canada.
(5) The West Texas Intermediate (WTI) index is commonly used as a benchmark for the price of oil.

The main macroeconomic factors used for the personal credit portfolio are unemployment rate and growth in the housing price index, based on the economy of Canada or Quebec. The main macroeconomic factors used for the business and government credit portfolio are unemployment rate, spread on corporate BBB bonds, S&P/TSX growth, and WTI oil price. An increase in unemployment rate or BBB spread will generally lead to higher allowances for credit losses, whereas an increase in the other macroeconomic factors (GDP, S&P/TSX, housing price index, and WTI oil price) will generally lead to lower allowances for credit losses.

(unaudited) (millions of Canadian dollars)

Note 6 – Loans and Allowances for Credit Losses (cont.)

During the quarter ended January 31, 2025, the macroeconomic outlook remained essentially unchanged, and uncertainty remained high.

There is still some ambiguity over whether the new American president is threatening tariffs on Canada as a negotiating tactic on security issues, or whether they reflect his protectionist ambitions, or both. We should know more when the investigation into trade deficits is released in April 2025. For now, we continue to believe that this investigation will support the view that Canada is a good trading partner, and that across-the-board tariffs will be avoided. The fact remains, however, that as long as the climate of uncertainty persists, it will undermine the country's business climate. The lack of visibility is such that many companies could keep investment projects on hold. Conditions in the labour market have recently improved, with the unemployment rate falling by 0.3 percentage point lower from November 2024 to January 2025. It remains to be seen whether this trend will continue, as the proportion of companies reporting labour shortages remains very low and the number of job vacancies in the private sector continues to be low. Fortunately, inflation is under control, allowing the Bank of Canada to continue easing its monetary policy. In the base scenario, Canada's unemployment rate stands at 6.9% after 12 months, an increase of 0.2 percentage point. Despite the slight deterioration in the labour market, real estate prices are on the rise, as pent-up demand from the past two years is released under a less restrictive monetary policy. As a result, house prices are up 6.4% year over year, also boosted by the longer maximum amortization period. The S&P/TSX sits at 22,750 points after one year, and the price of oil is at US$65.

In the upside scenario, trade tensions fade and geopolitical conflicts are resolved, lifting confidence. Inflation continues to subside, as central bankers managed to curb it without causing significant damage to the economy. The Canadian and U.S. governments continue to expand spending, offsetting the effects of the restrictive monetary policies. With the labour market holding up, consumer spending remains relatively resilient. House prices appreciate strongly against a backdrop of respectable economic growth and an improving labour market. After one year, the unemployment rate in this scenario is more favourable than in the base scenario (0.3 percentage point lower). House prices rise 9.7%, the S&P/TSX sits at 25,824 points after one year, and the price of oil is at US$82.

In the downside scenario, widespread tariffs are imposed on Canada, but the country limits retaliation so as not to generate too much inflation. The central bank cuts interest rates sharply, but falling demand and uncertainty translate into reduced investment by businesses, which consequently reduce staffing levels. Given budgetary constraints, governments are unable to support households and businesses as they did during the pandemic. The geopolitical situation continues to cause concern, with the risk of conflicts escalating. After 12 months, economic contraction pushes unemployment to 9.7%. House prices fall sharply (-13.9%). The S&P/TSX sits at 18,477 points after one year, and the price of oil is at US$36.

Given the uncertainty surrounding key inputs used to measure credit losses, the Bank has applied expert credit judgment to adjust the modelled expected credit loss results.

Sensitivity Analysis of Allowances for Credit Losses on Non-Impaired Loans

Scenarios

The following table shows a comparison of the Bank's allowances for credit losses on non-impaired loans (Stages 1 and 2) as at January 31, 2025 based on the probability weightings of three scenarios with allowances for credit losses resulting from simulations of each scenario weighted at 100%.

	Allowances for credit losses on non-impaired loans
Balance as at January 31, 2025	1,177
Simulations	
100% upside scenario	759
100% base scenario	923
100% downside scenario	1,535

(unaudited) (millions of Canadian dollars)

Note 7 – Other Assets

	As at January 31, 2025	As at October 31, 2024
Receivables, prepaid expenses and other items	3,789	3,579
Interest and dividends receivable	1,586	1,742
Due from clients, dealers and brokers	1,346	1,302
Defined benefit asset	518	487
Deferred tax assets	810	828
Current tax assets	776	669
Reinsurance contract assets	22	22
Insurance contract assets	44	41
Investments in associates and joint ventures	45	40
Commodities[1]	521	573
	9,457	9,283

(1) Commodities are recorded at fair value based on quoted prices in active markets and are classified in Level 1 of the fair value measurement hierarchy.

Note 8 – Deposits

				As at January 31, 2025	As at October 31, 2024
	On demand[1]	After notice[2]	Fixed term[3]	Total	Total
Personal	5,704	42,475	50,682	98,861	95,181
Business and government[4]	67,050	27,399	152,001	246,450	232,730
Deposit-taking institutions	1,675	83	4,026	5,784	5,634
	74,429	69,957	206,709	351,095	333,545

(1) Demand deposits are deposits for which the Bank does not have the right to require a notice of withdrawal and consist essentially of deposits in chequing accounts.
(2) Notice deposits are deposits for which the Bank may legally require a notice of withdrawal and consist mainly of deposits in savings accounts.
(3) Fixed-term deposits are deposits that can be withdrawn by the holder on a specified date and include term deposits, guaranteed investment certificates, savings accounts and plans, covered bonds, and other similar instruments.
(4) As at January 31, 2025, business and government deposits included subscription receipts of $1.1 billion issued as part of the agreement to acquire CWB ($1.0 billion as at October 31, 2024). For additional information, see Notes 10 and 19.

The *Deposits – Business and government* item includes, among other items, covered bonds for which the balance was $11.1 billion as at January 31, 2025 ($11.4 billion as at October 31, 2024). During the quarter ended January 31, 2025, an amount of US$255 million in covered bonds came to maturity (750 million euros in covered bonds came to maturity during the quarter ended January 31, 2024). For additional information on covered bonds, see Note 29 to the audited annual consolidated financial statements for the year ended October 31, 2024.

In addition, as at January 31, 2025, the *Deposits – Business and government* item also includes deposits of $23.8 billion ($23.5 billion as at October 31, 2024) that are subject to the bank bail-in conversion regulations issued by the Government of Canada. These regulations provide certain powers to the Canada Deposit Insurance Corporation (CDIC), notably the power to convert certain eligible Bank shares and liabilities into common shares should the Bank become non-viable.

Note 9 – Other Liabilities

	As at January 31, 2025	As at October 31, 2024
Accounts payable and accrued expenses	2,744	3,433
Subsidiaries' debts to third parties	321	236
Interest and dividends payable	2,026	2,290
Lease liabilities	497	472
Due to clients, dealers and brokers	1,098	853
Defined benefit liability	105	103
Allowances for credit losses – Off-balance-sheet commitments (Note 6)	227	214
Deferred tax liabilities	86	69
Current tax liabilities	199	123
Insurance contract liabilities	27	28
Other items[1][2][3]	977	865
	8,307	8,686

(1) As at January 31, 2025, *Other items* included provisions for litigation of $9 million ($10 million as at October 31, 2024).
(2) As at January 31, 2025, *Other items* included provisions for onerous contracts of $16 million ($18 million as at October 31, 2024).
(3) As at January 31, 2025, *Other items* included the financial liability resulting from put options written to non-controlling interests of Flinks Technology Inc. (Flinks) for an amount of $5 million ($5 million as at October 31, 2024).

Note 10 – Subscription Receipts

In connection with the CWB transaction, the Bank offered an aggregate of 9,262,500 subscription receipts at a price of $112.30 per subscription receipt pursuant to a public offering (the Public Offering) and concurrent private placement (the Concurrent Private Placement) for a total amount of $1.0 billion.

Pursuant to the Public Offering, on June 17, 2024, the Bank issued and sold 4,453,000 subscription receipts at a price of $112.30 for total gross proceeds of approximately $500 million. The Public Offering was underwritten on a bought-deal basis by a syndicate of underwriters (the Underwriters). On July 17, 2024, the Bank issued and sold 178,250 additional subscription receipts pursuant to the partial exercise of the Underwriters' over-allotment option. Pursuant to the Concurrent Private Placement, on June 17, 2024, the Bank issued and sold 4,453,000 subscription receipts at a price of $112.30 to an affiliate of Caisse de dépôt et placement du Québec (CDPQ) for total gross proceeds of approximately $500 million. On July 17, 2024, the Bank issued and sold 178,250 additional subscription receipts to an affiliate of CDPQ pursuant to CDPQ's option to purchase additional subscription receipts to maintain its pro-rata ownership.

Each subscription receipt entitles the holder thereof to receive automatically upon closing of the CWB transaction, without any action on the part of the holder and without payment of additional consideration, (i) one common share of National Bank, and (ii) a cash payment equal to the amount per common share of any cash dividends declared by the Bank and for which the record date falls within the period from June 17, 2024 up to (but excluding) the last day the subscription receipts are outstanding (less applicable withholding taxes, if any). Had the transaction failed, the subscription receipt holders would have had the right to the reimbursement of the full amount, including interest earned. As of January 31, 2025, the total amount related to the subscription receipts, including accrued interest was $1.1 billion, net of transaction costs. This amount is included in *the Deposits – Business and government*. For additional information, see Note 8.

On February 3, 2025, the closing date of the transaction, the common shares of the Bank issuable pursuant to the subscription receipts were automatically issued through CDS Clearing and Depository Services Inc. in accordance with the terms of the subscription receipts. In addition, pursuant to the terms of the subscription receipts, holders of subscription receipts were also entitled to receive a cash amount for each subscription receipt equivalent to the dividend per common share payable by National Bank to holders of common shares of record on June 24, 2024, September 30, 2024, and December 30, 2024, with payment occurring on August 1, 2024, November 1, 2024, and February 1, 2025, respectively. The number of common shares of National Bank issued pursuant to the automatic exchange of the subscription receipts was 9,262,500.

Note 11 – Subordinated Debt

On January 13, 2025, the Bank issued medium-term notes for a total amount of $1.0 billion bearing interest at 4.260% and maturing on February 15, 2035. The interest on these notes will be payable semi-annually at a rate of 4.260% per annum until February 15, 2030 and, thereafter, will be payable quarterly at a floating rate equal to Daily Compounded CORRA (Canadian Overnight Repo Rate Average) plus 1.56%. With the prior approval of OSFI, the Bank may, at its option, redeem these notes as of February 15, 2030, in whole or in part, at their nominal value plus accrued and unpaid interest. Given that the medium-term notes satisfy the non-viability contingent capital requirements, they qualify for the purposes of calculating regulatory capital under Basel III.

(unaudited) (millions of Canadian dollars)

Note 12 – Share Capital and Other Equity Instruments

Shares and Other Equity Instruments Outstanding

	As at January 31, 2025		As at October 31, 2024	
	Number of shares or LRCN(1)	Shares or LRCN $	Number of shares or LRCN	Shares or LRCN $
First Preferred Shares				
Series 30	14,000,000	350	14,000,000	350
Series 32	12,000,000	300	12,000,000	300
Series 38	16,000,000	400	16,000,000	400
Series 40	12,000,000	300	12,000,000	300
Series 42	12,000,000	300	12,000,000	300
	66,000,000	1,650	66,000,000	1,650
Other equity instruments				
LRCN – Series 1	500,000	500	500,000	500
LRCN – Series 2	500,000	500	500,000	500
LRCN – Series 3	500,000	500	500,000	500
	1,500,000	1,500	1,500,000	1,500
Preferred shares and other equity instruments	67,500,000	3,150	67,500,000	3,150
Common shares at beginning of fiscal year	340,743,876	3,463	338,284,629	3,294
Issued pursuant to the Stock Option Plan	384,676	28	2,297,601	146
Impact of shares purchased or sold for trading(2)	(43,347)	(6)	161,646	23
Common shares at end of period	341,085,205	3,485	340,743,876	3,463

(1) Limited Recourse Capital Notes (LRCN).
(2) As at January 31, 2025, a total of 145,024 shares were sold short for trading, representing $20 million (188,371 shares were sold short for trading, representing an amount of $26 million as at October 31, 2024).

Dividends Declared and Distributions on Other Equity Instruments

	Quarter ended January 31			
	2025		2024	
	Dividends or interest $	Dividends per share	Dividends or interest $	Dividends per share
First Preferred Shares				
Series 30	5	0.3869	3	0.2516
Series 32	3	0.2399	3	0.2399
Series 38	7	0.4392	7	0.4392
Series 40	5	0.3636	5	0.3636
Series 42	5	0.4410	5	0.4410
	25		23	
Other equity instruments				
LRCN – Series 1(1)	5		5	
LRCN – Series 2(2)	5		5	
LRCN – Series 3(3)	10		10	
	20		20	
Preferred shares and other equity instruments	45		43	
Common shares	389	1.1400	359	1.0600
	434		402	

(1) The LRCN – Series 1 bear interest at a fixed rate of 4.30% per annum.
(2) The LRCN – Series 2 bear interest at a fixed rate of 4.05% per annum.
(3) The LRCN – Series 3 bear interest at a fixed rate of 7.50% per annum.

Repurchase of Common Shares

On December 12, 2023, the Bank had begun a normal course issuer bid to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2.1% of its then outstanding common shares) over the 12-month period ended on December 11, 2024. On December 12, 2022, the Bank had begun a normal course issuer bid to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2.1% of its then outstanding common shares) over the 12-month period ended 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*. During the quarters ended January 31, 2025 and 2024, the Bank did not repurchase any common shares.

(unaudited) (millions of Canadian dollars)

Note 13 – Capital Disclosure

The Bank and all other major Canadian banks have to maintain the following minimum capital ratios established by OSFI: a CET1 capital ratio of at least 11.5%, a Tier 1 capital ratio of at least 13.0%, and a Total capital ratio of at least 15.0%. All of these ratios include a capital conservation buffer of 2.5% established by the Basel Committee on Banking Supervision (BCBS) and OSFI, a 1.0% surcharge applicable solely to Domestic Systemically Important Banks (D-SIBs), and a 3.5% domestic stability buffer (DSB) established by OSFI. The DSB, which can vary from 0% to 4.0% of risk-weighted assets (RWA), consists exclusively of CET1 capital. A D-SIB that fails to meet this buffer requirement will not be subject to automatic constraints to reduce capital distributions but must provide a remediation plan to OSFI. The Bank also has to meet the requirements of the capital output floor, under which its total RWA must not be lower than 72.5% of the total RWA as calculated under the Basel III Standardized Approaches. OSFI had planned a phase-in of the floor factor, starting at 65.0% in the second quarter of 2023, and rising to reach 72.5% in fiscal 2027. On February 12, 2025, OSFI deferred any additional increases until further notice. As a result, the floor factor, currently set at 67.5%, will remain at this level for an undetermined period. If the capital requirement is less than the capital output floor requirement after applying the floor factor, the difference is added to the total RWA. Lastly, OSFI requires D-SIBs to maintain a Basel III leverage ratio of at least 3.5%, which includes a Tier 1 capital buffer of 0.5% applicable only to D-SIBs.

OSFI also requires D-SIBs to maintain a risk-based total loss-absorbing capacity (TLAC) ratio of at least 25.0% (including the DSB) of RWA and a TLAC leverage ratio of at least 7.25%. The purpose of TLAC is to ensure that a D-SIB has sufficient loss-absorbing capacity to support its internal recapitalization in the unlikely event it becomes non-viable.

During the quarter ended January 31, 2025, the Bank was compliant with all of OSFI's regulatory capital, leverage, and TLAC requirements.

Regulatory Capital[1], Leverage Ratio[1] and TLAC[2]

	As at January 31, 2025	As at October 31, 2024
Capital		
CET1	20,141	19,321
Tier 1[3]	22,986	22,470
Total[3]	25,433	24,001
Risk-weighted assets	148,464	140,975
Total exposure	534,461	511,160
Capital ratios		
CET1	13.6 %	13.7 %
Tier 1[3]	15.5 %	15.9 %
Total[3]	17.1 %	17.0 %
Leverage ratio[3]	4.3 %	4.4 %
Available TLAC	46,331	44,040
TLAC ratio	31.2 %	31.2 %
TLAC leverage ratio	8.7 %	8.6 %

(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) Figures as at January 31, 2025 include the redemption of the Series 32 preferred shares completed on February 17, 2025.

(unaudited) (millions of Canadian dollars)

Note 14 – Share-Based Payments

Stock Option Plan

During the quarter ended January 31, 2025, the Bank awarded 1,004,492 stock options (1,222,652 stock options during the quarter ended January 31, 2024) with an average fair value of $23.26 per option ($13.74 in 2024).

As at January 31, 2025, there were 11,061,775 stock options outstanding (10,443,059 stock options as at October 31, 2024).

The average fair value of the options awarded was estimated on the award date using the Black-Scholes model as well as the following accounting assumptions.

	Quarter ended January 31	
	2025	2024
Risk-free interest rate	**2.63%**	3.61%
Expected life of options	**7 years**	7 years
Expected volatility	**24.43%**	22.29%
Expected dividend yield	**3.54%**	4.62%

During the quarter ended January 31, 2025, a $5 million compensation expense was recorded for this plan ($4 million for the quarter ended January 31, 2024).

Note 15 – Employee Benefits – Pension Plans and Other Post-Employment Benefit Plans

The Bank offers pension plans that have a defined benefit component and a defined contribution component. The Bank also offers other post-employment benefit plans to eligible retirees. The cost associated with these plans, including the remeasurements recognized in *Other comprehensive income,* is presented in the following table.

Cost for Pension Plans and Other Post-Employment Benefit Plans

				Quarter ended January 31
	Pension plans		Other post-employment benefit plans	
	2025	2024	**2025**	2024
Current service cost	**27**	20	**–**	–
Interest expense (income), net	**(5)**	(4)	**1**	1
Administrative costs	**1**	1		
Expense of the defined benefit component	**23**	17	**1**	1
Expense of the defined contribution component	**7**	4		
Expense recognized in *Net income*	**30**	21	**1**	1
Remeasurements(1)				
Actuarial (gains) losses on the defined benefit obligation	**112**	504	**2**	8
Return on plan assets(2)	**(119)**	(523)		
Remeasurements recognized in *Other comprehensive income*	**(7)**	(19)	**2**	8
	23	2	**3**	9

(1) Changes related to the discount rate and to the return on plan assets are reviewed and updated on a quarterly basis. All other assumptions are updated annually.
(2) Excludes interest income.

Note 16 – Income Taxes

Pillar 2 Rules

On June 20, 2024, Bill C-69 – *An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024* received royal assent. The bill included the Pillar 2 rules (global minimum tax) published by the Organisation for Economic Co-operation and Development (OECD) that are applicable to fiscal years beginning on or after December 31, 2023 (November 1, 2024, for the Bank). To date, the Pillar 2 rules have been included in a bill or enacted in certain jurisdictions where the Bank operates. For the quarter ended January 31, 2025, the Bank estimates that the application of the Pillar 2 rules represents an increase in the effective tax rate of 1.9%. For the quarter ended January 31, 2025, the Bank continues to apply the exception to the recognition and disclosure of information of deferred tax assets and liabilities arising from the Pillar 2 rules in the jurisdictions where they have been included in a bill or enacted.

Note 17 – Earnings Per Share

Diluted earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding after taking into account the dilution effect of stock options using the treasury stock method and any gain (loss) on the redemption of preferred shares.

	Quarter ended January 31	
	2025	2024
Basic earnings per share		
Net income attributable to the Bank's shareholders and holders of other equity instruments	**997**	922
Dividends on preferred shares and distributions on other equity instruments	**39**	37
Net income attributable to common shareholders	**958**	885
Weighted average basic number of common shares outstanding *(thousands)*	**340,739**	338,675
Basic earnings per share *(dollars)*	**2.81**	2.61
Diluted earnings per share		
Net income attributable to common shareholders	**958**	885
Weighted average basic number of common shares outstanding *(thousands)*	**340,739**	338,675
Adjustment to average number of common shares *(thousands)*		
Stock options(1)	**4,215**	2,664
Weighted average diluted number of common shares outstanding *(thousands)*	**344,954**	341,339
Diluted earnings per share *(dollars)*	**2.78**	2.59

(1) For the quarter ended January 31, 2025, as the exercise price of the options was lower than the average price of the Bank's common shares, no options were excluded from the diluted earnings per share calculation. For the quarter ended January 31, 2024, the calculation of diluted earnings per share excluded an average number of 1,719,303 options outstanding with a weighted average exercise price of $96.35 given that the exercise price of these options was greater than the average price of the Bank's common shares.

Note 18 – Segment Disclosures

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 that began on November 1, 2024. It reflects the discontinuation of taxable equivalent basis reporting for income and income tax expense. Using the taxable equivalent basis method is less relevant since the introduction of the Pillar 2 rules (global minimum tax) during the first quarter of 2025 and Bill C-59 in relation to the taxation of certain Canadian dividends during fiscal 2024. This change has no impact on net income previously disclosed. Data for the 2024 periods were adjusted to reflect this change.

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.

(unaudited) (millions of Canadian dollars)

Note 18 – Segment Disclosures (cont.)

Quarter ended January 31[1]

	Personal and Commercial		Wealth Management		Financial Markets		USSF&I		Other		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Net interest income[2]	**944**	870	**227**	198	**(509)**	(553)	**370**	301	**(60)**	(65)	**972**	751
Non-interest income[3]	**260**	284	**549**	462	**1,416**	1,200	**35**	25	**(49)**	(12)	**2,211**	1,959
Total revenues	**1,204**	1,154	**776**	660	**907**	647	**405**	326	**(109)**	(77)	**3,183**	2,710
Non-interest expenses[4]	**641**	615	**441**	390	**367**	313	**123**	100	**74**	31	**1,646**	1,449
Income before provisions for credit losses and income taxes	**563**	539	**335**	270	**540**	334	**282**	226	**(183)**	(108)	**1,537**	1,261
Provisions for credit losses	**162**	71	**2**	–	**36**	17	**51**	36	**3**	(4)	**254**	120
Income before income taxes (recovery)	**401**	468	**333**	270	**504**	317	**231**	190	**(186)**	(104)	**1,283**	1,141
Income taxes (recovery)	**111**	129	**91**	74	**87**	9	**48**	40	**(51)**	(33)	**286**	219
Net income	**290**	339	**242**	196	**417**	308	**183**	150	**(135)**	(71)	**997**	922
Non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	**290**	339	**242**	196	**417**	308	**183**	150	**(135)**	(71)	**997**	922
Average assets[5]	**165,861**	155,031	**10,611**	8,708	**211,793**	190,443	**31,197**	26,025	**68,746**	62,459	**488,208**	442,666
Total assets	**167,754**	156,433	**11,047**	8,769	**203,943**	180,458	**32,891**	26,667	**68,198**	61,600	**483,833**	433,927

(1) Certain comparative amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.
(2) During the quarter ended January 31, 2025, the Bank recorded an amount of $28 million ($20 million net of income taxes) in the *Other* heading to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (for additional information, see Notes 8 and 10).
(3) During the quarter ended January 31, 2025, the Bank recorded a gain of $4 million ($3 million net of income taxes) upon the remeasurement at fair value of the interest already held in CWB as at January 31, 2025. Also during the quarter ended January 31, 2025, the Bank recorded a mark-to-market loss of $23 million ($17 million net of income taxes) on interest rate swaps used to manage the fair value changes of CWB's assets and liabilities that resulted in volatility of goodwill and capital on closing of the transaction. All these items were recorded in the *Other* heading.
(4) During the quarter ended January 31, 2025, the Bank recorded, in the *Other* heading, acquisition and integration charges of $26 million ($19 million net of income taxes) related to the CWB transaction.
(5) Represents the average of the daily balances for the period, which is also the basis on which segment assets are reported in the business segments.

Note 19 – Events After the Consolidated Balance Sheet Date

Canadian Western Bank (CWB) Acquisition

On February 3, 2025, the Bank completed the acquisition of CWB, a diversified financial services institution based in Edmonton, Alberta, in which the Bank had already been holding a 5.9% equity interest. This transaction will enable the Bank to accelerate its growth across Canada. The business combination brings together two complementary Canadian banks with growing businesses, thereby enhancing customer service by offering a full range of products and services nationwide, with a regionally focused service model.

The total consideration transferred of $6.8 billion included $5.3 billion for 100% of the common shares of CWB acquired by way of a share exchange at an exchange ratio of 0.450 of a common share of the National Bank for each CWB common share, other than those held by the National Bank, $1.4 billion for the settlement of pre-existing relationships and $0.1 billion for the issuance of replacement share-based payment awards. The fair value of the Bank's common shares issued was determined on the basis of the share price on the Toronto Stock Exchange (TSX) at closing on January 31, 2025 being a price of $128.99 per share. At acquisition date, the Bank obtained a 100% interest in the CWB voting shares and the 5.9% previously held interest was remeasured to its fair value of $0.3 billion. The non-controlling interest in CWB recognized at acquisition date was measured at a fair value of $0.6 billion and represents CWB's preferred shares and LRCN outstanding on that date. Total purchase consideration amounted to $7.7 billion.

Based on the estimated fair values, the preliminary purchase price allocation assigns $45.5 billion to assets and $37.8 billion to liabilities at acquisition date. Goodwill of $1.6 billion reflects the expected expense synergies from our Personal and Commercial and Wealth Management banking services operations and the expected growth of the technology platforms. Goodwill is not deductible for tax purposes. The results of CWB will be consolidated in the Bank's financial statements as of February 3, 2025.

(unaudited) (millions of Canadian dollars)

The following table presents the estimated acquisition-date fair values of the assets acquired and liabilities assumed and consideration transferred. During the measurement period, which can last up to 12 months from the acquisition date, the estimated fair values of the assets acquired and liabilities assumed may be retroactively adjusted to reflect new information obtained about facts and circumstances that existed as at the acquisition date.

	As at February 3, 2025
Assets	
Cash and deposits with financial institutions	148
Securities	4,481
Loans(1)	37,879
Derivative financial instruments	127
Premises and equipment	225
Goodwill	1,552
Intangible assets(2)	680
Other assets(3)	368
	45,460
Liabilities	
Deposits(4)	33,328
Obligations related to securities sold under repurchase agreements and securities loaned	16
Derivative financial instruments	40
Liabilities related to transferred receivables	2,593
Other liabilities(5)	1,255
Subordinated debt	554
	37,786
Total identifiable net assets acquired and goodwill	7,674
Consideration transferred	
Equity issued	5,290
Settlement of pre-existing relationships	1,400
Issuance of replacement share-based payment awards	62
	6,752
Previously held interest	329
Non-controlling interest	593
Purchase consideration	7,674

(1) Includes residential mortgage loans, personal loans, credit card receivables and business and government loans.
(2) Includes core deposit intangibles and customer relationships.
(3) Includes interest receivable, derivative collateral receivable, receivables, deferred tax assets and other assets items.
(4) Includes personal deposits, business and government deposits, and deposit-taking institutions deposits.
(5) Includes accounts payable and accrued expenses, interest payable, lease liabilities and other liabilities items.

Issuance of Common Shares
On February 3, 2025, the Bank issued a total of 50,272,878 common shares, for a total proceed of $6.3 billion, which increased *Common share* capital by $6.3 billion. This issuance includes 41,010,378 common shares at a price of $128.99 per share from the share exchange and 9,262,500 common shares at a price of $112.30 per share from the automatic exchange of subscription receipts. For additional information on subscription receipts, see Note 10.

Exchange of Preferred Shares and Redemption of Other Equity Instruments
As of February 4, 2025, certain amendments previously approved by the holders of the outstanding first preferred shares and LRCN of CWB, which permit the exchange of the first preferred shares of CWB for substantially equivalent first preferred shares of National Bank and the early redemption of the LRCN, were implemented.

On February 20, 2025, all the issued and outstanding Series 5 and Series 9 First Preferred Shares of CWB were exchanged for substantially equivalent Series 47 and Series 49 First Preferred Shares of National Bank, which are non-cumulative 5-year rate-reset bearing interest at 6.371% and 7.651%. The Bank exchanged 10,000,000 preferred shares for a total amount of $268 million, which reduced the *Non-controlling interest* by $268 million, increased *Preferred Share* capital by $264 million and increased *Retained earnings* by $4 million. Consent fees related to the exchange amounting to $2 million, net of income taxes, were recorded in *Retained earnings*. Given the Series 47 and Series 49 preferred shares meet the non-viability contingent capital requirements (NVCC), these shares are eligible for regulatory capital purposes under the Basel III rules. Also, the Bank redeemed 175,000 LRCN – Series 1 and 150,000 LRCN – Series 2 of CWB for a total amount of $335 million, including consent fees, which reduced the *Non-controlling interest* by $325 million and decreased *Retained earnings* by $7 million, net of income taxes.

Redemption of Preferred Shares
On February 17, 2025, the first business day after the February 15, 2025 set redemption date, the Bank redeemed all of the issued and outstanding Non-Cumulative 5-Year Rate Reset Series 32 First Preferred Shares. Pursuant to the share conditions, the redemption price was $25.00 per share plus the periodic dividends declared and unpaid. The Bank redeemed 12,000,000 Series 32 preferred shares for a total amount of $300 million which reduced *Preferred share* capital.

Information for Shareholders and Investors

Investor Relations
Financial analysts and investors who want to obtain financial information on the Bank may contact the Investor Relations Department.

800 Saint-Jacques Street, 33rd Floor
Montreal, Quebec H3C 1A3
Toll-free: 1-866-517-5455
Email: *investorrelations@nbc.ca*
Website: nbc.ca/investorrelations

Communications and Corporate Social Responsibility
800 Saint-Jacques Street, 28th Floor
Montreal, Quebec H3C 1A3
Telephone: 514-394-8644
Email: *pa@nbc.ca*

Quarterly Report Publication Dates for Fiscal 2025
(subject to approval by the Board of Directors of the Bank)

First quarter	February 26
Second quarter	May 28
Third quarter	August 27
Fourth quarter	December 3

Disclosure of First Quarter 2025 Results

Conference Call
- A conference call for analysts and institutional investors will be held on Wednesday, February 26, 2025 at 11:00 a.m. ET.
- Access by telephone in listen-only mode: 1-800-898-3989 or 416-340-2217. The access code is 4235703#.
- A recording of the conference call can be heard until May 23, 2025 by dialing 1-800-408-3053 or 905-694-9451. The access code is 7336996#.

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.

Transfer Agent and Registrar
For information about stock transfers, address changes, dividends, lost certificates, tax forms, and estate transfers, shareholders of record may contact the transfer agent, Computershare Trust Company of Canada, at the address or telephone number below.

Computershare Trust Company of Canada
Share Ownership Management
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Telephone: 1-888-838-1407
Fax: 1-888-453-0330
Email: *service@computershare.com*
Website: computershare.com

Shareholders whose shares are held by a market intermediary are asked to contact the market intermediary concerned.

Direct Deposit Service for Dividends
Shareholders may elect to have their dividend payments deposited directly via electronic funds transfer to their bank account at any financial institution that is a member of the Canadian Payments Association. To do so, they must send a written request to the transfer agent, Computershare Trust Company of Canada.

Dividend Reinvestment and Share Purchase Plan
National Bank has a Dividend Reinvestment and Share Purchase Plan for holders of its common and preferred shares under which they can acquire common shares of the Bank without paying commissions or administration fees. Participants acquire common shares through the reinvestment of cash dividends paid on the shares they hold or through optional cash payments of at least $1 per payment, up to a maximum of $5,000 per quarter.

For additional information, shareholders may contact National Bank's registrar and transfer agent, Computershare Trust Company of Canada, at 1-888-838-1407. To participate in the plan, National Bank's beneficial or non-registered common shareholders must contact their financial institution or broker.

Dividends
Dividends paid are "eligible dividends" in accordance with the *Income Tax Act* (Canada).

NATIONAL BANK