Press Release
Fourth Quarter
2021

National Bank reports its 2021 annual and fourth-quarter results and raises its quarterly dividend by 16 cents to 87 cents per share

The financial information reported in this document is based on the unaudited interim condensed consolidated financial statements for the fourth quarter of fiscal 2021 and on the audited annual consolidated financial statements for the year ended October 31, 2021 and is prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated. IFRS represent Canadian generally accepted accounting principles (GAAP). All amounts are presented in Canadian dollars.

MONTREAL, December 1, 2021 – For the fourth quarter of 2021, National Bank is reporting net income of $776 million compared to $492 million in the fourth quarter of 2020. Fourth-quarter diluted earnings per share stood at $2.19 compared to $1.36 in the fourth quarter of 2020. These increases were driven by total revenue growth in most of the business segments, by reversals of allowances for credit losses on non-impaired loans owing to improvements in the macroeconomic outlook and in credit conditions as well as by a reduction in provisions for credit losses on impaired loans compared to the fourth quarter of 2020. Income before provisions for credit losses and income taxes totalled $953 million in the fourth quarter of 2021 compared to $741 million in the fourth quarter of 2020, a 29% increase arising from good performance in most of the business segments, tempered by a year-over-year fourth-quarter slowdown in the Financial Markets segment.

For the year ended October 31, 2021, the Bank's net income totalled $3,177 million compared to $2,083 million in fiscal 2020, and its fiscal 2021 diluted earnings per share stood at $8.96 versus $5.70 in fiscal 2020. These increases were due to a significant year-over-year decrease in provisions for credit losses on non-impaired loans, as macroeconomic and credit conditions improved from those in fiscal 2020, as well as to a significant reduction in provisions for credit losses on impaired loans. Also contributing to the growth in net income and diluted earnings per share was the excellent performance turned in by all the Bank's business segments, notably achieved through revenue growth. For fiscal 2021, income before provisions for credit losses and income taxes totalled $4,074 million, a 20% year-over-year increase driven by revenue growth across all the business segments.

"The Bank delivered outstanding results in fiscal 2021. We generated superior organic growth and an industry-leading return on equity while maintaining strong capital levels and prudent allowances for credit losses. The Bank's sustained performance reinforces our commitment to continue pursuing fitting strategies in terms of business mix, capital allocation, and risk management. We enter the new year on strong footing, well-positioned to generate solid growth across our business segments and deliver superior returns to our shareholders," said Laurent Ferreira, President and Chief Executive Officer of National Bank of Canada.

Highlights

(millions of Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2021	2020	% Change	2021	2020	% Change
Net income	776	492	58	3,177	2,083	53
Diluted earnings per share *(dollars)*	$ 2.19	$ 1.36	61	$ 8.96	$ 5.70	57
Income before provisions for credit losses and income taxes	953	741	29	4,074	3,382	20
Return on common shareholders' equity[1]	18.7 %	13.7 %		20.7 %	14.9 %	
Dividend payout ratio[1]	31.4 %	49.6 %		31.4 %	49.6 %	
Excluding specified items[2]						
Net income excluding specified items	783	615	27	3,184	2,216	44
Diluted earnings per share excluding specified items *(dollars)*	$ 2.21	$ 1.69	31	$ 8.98	$ 6.06	48
Return on common shareholders' equity excluding specified items[3]	18.9 %	17.1 %		20.8 %	15.8 %	
Dividend payout ratio excluding specified items[3]	31.3 %	46.6 %		31.3 %	46.6 %	

	As at October 31, 2021	As at October 31, 2020
CET1 capital ratio under Basel III[4]	12.4 %	11.8 %
Leverage ratio under Basel III[4]	4.4 %	4.4 %

(1) For additional information on supplementary financial measures composition, see the Glossary section on pages 123 to 126 of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.
(2) For additional information on non-GAAP financial measures, see the Financial Reporting Method section on pages 2 to 5.
(3) For additional information on non-GAAP ratios, see the Financial Reporting Method section and the Glossary section on pages 18 to 21 and on pages 123 to 126, respectively, of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.
(4) For additional information on capital management measures, see the Financial Reporting Method section on pages 18 to 21 of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization (WHO) declared that the COVID-19 outbreak constituted a pandemic, requiring important protective measures to be taken to prevent overcrowding of health services and to strengthen preventive hygiene. This global pandemic prompted many countries, including Canada, to implement lockdown and social distancing measures designed to prevent new outbreaks. In many countries, those measures included the closing of aerial, maritime, and land borders.

During the summer of 2020, some of the restrictions imposed at the start of the pandemic were eased, but subsequent waves of COVID-19 in autumn 2020 forced authorities in a number of countries, including Canada, to reintroduce lockdown measures, effectively shutting down parts of the economy again. During the winter of 2021, a vaccination campaign began in Canada and picked up steam in the spring, leading to a reopening in early summer 2021. The authorities in many countries, including Canada, actively worked to ensure that widespread vaccination coverage was achieved as quickly as possible. However, uncertainty remains regarding the long-term effectiveness of the vaccines, the acceptance thereof by the public, and the anticipated reduction of infection rates, especially given a rise in cases linked to COVID-19 variants, which appear to be more contagious. Certain measures by the public health authorities in Canada are expected to remain in place to continue limiting the spread of COVID-19 and its variants.

In Canada, banking services are considered essential services and were therefore maintained despite the lockdown and social distancing measures. Given the current economic and social conditions, the Bank is committed to supporting its employees, clients, and communities.

The Bank is continuing to closely monitor the potential impacts of the COVID-19 pandemic. It is not possible to predict the full impacts that the pandemic will have on the global economy, on the countries in which the Bank operates, on the Bank's clients, and on the Bank itself, including its business activities, results of operations, financial position, regulatory capital and liquidity ratios, reputation, and ability to satisfy regulatory requirements. The actual impacts will depend on future events that are highly uncertain, including the extent, severity, and duration of the COVID-19 pandemic, and on the effectiveness of actions and measures taken by governments, monetary authorities, and regulators over the long term.

For additional information on the impact of the COVID-19 risk factor, on relief measures offered to the Bank's clients, and on the measures introduced by regulators, see the COVID-19 Pandemic section on pages 16 to 18 of the *2021 Annual Report*.

A number of the relief measures offered to the Bank's clients at the start of the pandemic ended in 2020, although some measures were being offered as part of various government programs in which the Bank is participating. These measures consist mainly of loans backed by government guarantees, particularly for businesses operating in sectors hit hardest by the pandemic. In the normal course of business, the Bank is continuing to address the specific needs of its clients to support them during this unprecedented crisis.

Financial Reporting Method

On November 1, 2020, the Bank amended the classification of certain Consolidated Statement of Income amounts to better reflect the nature of the revenues reported in the Wealth Management segment. The reclassifications were made retrospectively among the *Non-interest income* items and had no impact on the total revenues or on *Net income*.

Non-GAAP Financial Measures 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;
- segment 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 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 Bank excludes from its results certain specified items that are inherently unpredictable. In addition, like many other financial institutions, the Bank uses the taxable equivalent basis to calculate net interest income, non-interest income, and income taxes. This calculation method consists of grossing up certain tax-exempt income (particularly dividends) by the income tax that would have been otherwise payable. An equivalent amount is added to income taxes. This adjustment is necessary in order to perform a uniform comparison of the return on different assets regardless of their tax treatment.

For additional information on non-GAAP financial measures, on non-GAAP ratios, on supplementary financial measures, on capital management measures, and on segment measures, see the Financial Reporting Method section and the Glossary section, on pages 18 to 21 and 123 to 126, respectively, of the MD&A in the *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Reconciliation of Non-GAAP Financial Measures

Presentation of Results on a Taxable Equivalent Basis and Excluding Specified Items

Quarter ended October 31 (millions of Canadian dollars)						2021	2020
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other		
Net interest income	661	115	243	241	(70)	1,190	1,124
Taxable equivalent	–	–	38	–	1	39	46
Net interest income on a taxable equivalent basis	661	115	281	241	(69)	1,229	1,170
Non-interest income	284	447	199	1	90	1,021	876
Taxable equivalent	–	–	2	–	–	2	3
Foreign currency translation loss on disposal of subsidiaries(1)	–	–	–	–	–	–	24
Non-interest income on a taxable equivalent basis and excluding specified items	284	447	201	1	90	1,023	903
Total revenues on a taxable equivalent basis and excluding specified items	945	562	482	242	21	2,252	2,073
Non-interest expenses	503	337	206	76	136	1,258	1,259
Impairment losses on premises and equipment and on intangible assets(2)	–	–	–	–	(9)	(9)	(71)
Severance pay(3)	–	–	–	–	–	–	(48)
Non-interest expenses excluding specified items	503	337	206	76	127	1,249	1,140
Income before provisions for credit losses and income taxes on a taxable equivalent basis and excluding specified items	442	225	276	166	(106)	1,003	933
Provisions for credit losses	(38)	1	(7)	3	–	(41)	110
Income before income taxes on a taxable equivalent basis and excluding specified items	480	224	283	163	(106)	1,044	823
Income taxes	127	59	35	34	(37)	218	139
Taxable equivalent	–	–	40	–	1	41	49
Income taxes on foreign currency translation loss on disposal of subsidiaries(1)	–	–	–	–	–	–	(12)
Income taxes related to impairment losses on premises and equipment and on intangible assets(2)	–	–	–	–	2	2	19
Income taxes on severance pay(3)	–	–	–	–	–	–	13
Income taxes on a taxable equivalent basis and excluding specified items	127	59	75	34	(34)	261	208
Net income excluding specified items	353	165	208	129	(72)	783	615
Specified items after income taxes	–	–	–	–	(7)	(7)	(123)
Net income	353	165	208	129	(79)	776	492
Non-controlling interests	–	–	–	–	–	–	2
Non-controlling interests on the foreign currency translation loss on disposal of subsidiaries(1)	–	–	–	–	–	–	10
Non-controlling interests excluding specified items	–	–	–	–	–	–	12
Net income attributable to the Bank's shareholders and holders of other equity instruments	353	165	208	129	(79)	776	490
Net income attributable to the Bank's shareholders and holders of other equity instruments excluding specified items	353	165	208	129	(72)	783	603

(1) During the quarter ended October 31, 2020, the Bank, through its subsidiary Credigy Ltd. (Credigy), had recorded a foreign currency translation loss on investments in foreign operations of $24 million ($36 million taking into account income taxes and $26 million taking into account income taxes and non-controlling interests) following a disposal of two subsidiaries in Brazil.

(2) During the quarter ended October 31, 2021, the Bank recorded $9 million ($7 million net of income taxes) in impairment losses on intangible assets related to technology developments. During the quarter ended October 31, 2020, the Bank had recorded $71 million ($52 million net of income taxes) in impairment losses on premises and equipment and on intangible assets related to computer equipment and technology developments.

(3) During the quarter ended October 31, 2020, following an optimization of certain organizational structures, the Bank had recorded $48 million ($35 million net of income taxes) in severance pay.

Year ended October 31 (millions of Canadian dollars)						2021	2020
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other		
Net interest income	2,583	448	1,051	907	(206)	4,783	4,255
Taxable equivalent	–	–	175	–	6	181	208
Net interest income on a taxable equivalent basis	2,583	448	1,226	907	(200)	4,964	4,463
Non-interest income	1,103	1,721	912	94	314	4,144	3,672
Taxable equivalent	–	–	8	–	–	8	57
Foreign currency translation loss on disposal of subsidiaries(1)	–	–	–	–	–	–	24
Non-interest income on a taxable equivalent basis and excluding specified items	1,103	1,721	920	94	314	4,152	3,753
Total revenues on a taxable equivalent basis and excluding specified items	3,686	2,169	2,146	1,001	114	9,116	8,216
Non-interest expenses	1,958	1,277	880	315	423	4,853	4,545
Impairment losses on premises and equipment and on intangible assets(2)	–	–	–	–	(9)	(9)	(71)
Severance pay(3)	–	–	–	–	–	–	(48)
Charge related to Maple(4)	–	–	–	–	–	–	(13)
Non-interest expenses excluding specified items	1,958	1,277	880	315	414	4,844	4,413
Income before provisions for credit losses and income taxes on a taxable equivalent basis and excluding specified items	1,728	892	1,266	686	(300)	4,272	3,803
Provisions for credit losses	6	1	10	(15)	–	2	846
Income before income taxes on a taxable equivalent basis and excluding specified items	1,722	891	1,256	701	(300)	4,270	2,957
Income taxes	456	236	150	146	(93)	895	453
Taxable equivalent	–	–	183	–	6	189	265
Income taxes on foreign currency translation loss on disposal of subsidiaries(1)	–	–	–	–	–	–	(12)
Income taxes related to impairment losses on premises and equipment and on intangible assets(2)	–	–	–	–	2	2	19
Income taxes on severance pay(3)	–	–	–	–	–	–	13
Income taxes on the charge related to Maple(4)	–	–	–	–	–	–	3
Income taxes on a taxable equivalent basis and excluding specified items	456	236	333	146	(85)	1,086	741
Net income excluding specified items	1,266	655	923	555	(215)	3,184	2,216
Specified items after income taxes	–	–	–	–	(7)	(7)	(133)
Net income	1,266	655	923	555	(222)	3,177	2,083
Non-controlling interests	–	–	–	–	–	–	42
Non-controlling interests on the foreign currency translation loss on disposal of subsidiaries(1)	–	–	–	–	–	–	10
Non-controlling interests excluding specified items	–	–	–	–	–	–	52
Net income attributable to the Bank's shareholders and holders of other equity instruments	1,266	655	923	555	(222)	3,177	2,041
Net income attributable to the Bank's shareholders and holders of other equity instruments excluding specified items	1,266	655	923	555	(215)	3,184	2,164

(1) During the year ended October 31, 2020, the Bank, through its subsidiary Credigy Ltd. (Credigy), had recorded a foreign currency translation loss on investments in foreign operations of $24 million ($36 million taking into account income taxes and $26 million taking into account income taxes and non-controlling interests) following a disposal of two subsidiaries in Brazil.

(2) During the year ended October 31, 2021, the Bank recorded $9 million ($7 million net of income taxes) in impairment losses on intangible assets related to technology developments. During the year ended October 31, 2020, the Bank had recorded $71 million ($52 million net of income taxes) in impairment losses on premises and equipment and on intangible assets related to computer equipment and technology developments.

(3) During the year ended October 31, 2020, following an optimization of certain organizational structures, the Bank had recorded $48 million ($35 million net of income taxes) in severance pay.

(4) During the year ended October 31, 2020, the Bank had recorded a charge of $13 million ($10 million net of income taxes) related to Maple Financial Group Inc. (Maple).

Presentation of Diluted Earnings Per Share Excluding Specified Items

(Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2021	2020	% Change	**2021**	2020	% Change
Diluted earnings per share	**$ 2.19**	$ 1.36	61	**$ 8.96**	$ 5.70	57
Specified items[1]						
Foreign currency translation loss on disposal of subsidiaries	**–**	0.08		**–**	0.08	
Impairment losses on premises and equipment and on intangible assets	**0.02**	0.15		**0.02**	0.15	
Severance pay	**–**	0.10		**–**	0.10	
Charge related to Maple	**–**	–		**–**	0.03	
Diluted earnings per share excluding specified items	**$ 2.21**	$ 1.69	31	**$ 8.98**	$ 6.06	48

(1) For additional information on specified items, see the tables on pages 3 and 4 entitled Presentation of Results on a Taxable Equivalent Basis and Excluding Specified Items.

Presentation of Results on a Taxable Equivalent Basis

(millions of Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2021	2020	% Change	**2021**	2020	% Change
Operating results						
Net interest income	**1,190**	1,124	6	**4,783**	4,255	12
Non-interest income	**1,021**	876	17	**4,144**	3,672	13
Total revenues	**2,211**	2,000	11	**8,927**	7,927	13
Non-interest expenses	**1,258**	1,259	–	**4,853**	4,545	7
Income before provisions for credit losses and income taxes	**953**	741	29	**4,074**	3,382	20
Provisions for credit losses	**(41)**	110		**2**	846	
Income before income taxes	**994**	631	58	**4,072**	2,536	61
Income taxes	**218**	139	57	**895**	453	98
Net income	**776**	492	58	**3,177**	2,083	53
Taxable equivalent basis						
Net interest income	**39**	46		**181**	208	
Non-interest income	**2**	3		**8**	57	
Income taxes	**41**	49		**189**	265	
Impact of taxable equivalent basis on net income	**–**	–		**–**	–	
Operating results on a taxable equivalent basis						
Net interest income on a taxable equivalent basis	**1,229**	1,170	5	**4,964**	4,463	11
Non-interest income on a taxable equivalent basis	**1,023**	879	16	**4,152**	3,729	11
Total revenues on a taxable equivalent basis	**2,252**	2,049	10	**9,116**	8,192	11
Non-interest expenses	**1,258**	1,259	–	**4,853**	4,545	7
Income before provisions for credit losses and income taxes on a taxable equivalent basis	**994**	790	26	**4,263**	3,647	17
Provisions for credit losses	**(41)**	110		**2**	846	
Income before income taxes on a taxable equivalent basis	**1,035**	680	52	**4,261**	2,801	52
Income taxes on a taxable equivalent basis	**259**	188	38	**1,084**	718	51
Net income	**776**	492	58	**3,177**	2,083	53

Highlights

(millions of Canadian dollars, except per share amounts)	Quarter ended October 31			Year ended October 31		
	2021	2020	% Change	2021	2020	% Change
Operating results						
Total revenues	2,211	2,000	11	8,927	7,927	13
Income before provisions for credit losses and income taxes	953	741	29	4,074	3,382	20
Net income	776	492	58	3,177	2,083	53
Net income attributable to the Bank's shareholders and holders of other equity instruments	776	490	58	3,177	2,041	56
Return on common shareholders' equity(1)	18.7 %	13.7 %		20.7 %	14.9 %	
Earnings per share						
Basic	$ 2.22	$ 1.37	62	$ 9.06	$ 5.73	58
Diluted	2.19	1.36	61	8.96	5.70	57
Operating results on a taxable equivalent basis and excluding specified items(2)						
Total revenues on a taxable equivalent basis and excluding specified items	2,252	2,073	9	9,116	8,216	11
Income before provisions for credit losses and income taxes on a taxable equivalent basis and excluding specified items	1,003	933	8	4,272	3,803	12
Net income excluding specified items	783	615	27	3,184	2,216	44
Return on common shareholders' equity excluding specified items(1)	18.9 %	17.1 %		20.8 %	15.8 %	
Efficiency ratio on a taxable equivalent basis and excluding specified items(1)	55.5 %	55.0 %		53.1 %	53.7 %	
Earnings per share excluding specified items(2)						
Basic	$ 2.24	$ 1.70	32	$ 9.08	$ 6.10	49
Diluted	2.21	1.69	31	8.98	6.06	48
Common share information						
Dividends declared	$ 0.71	$ 0.71		$ 2.84	$ 2.84	
Book value(1)	47.95	39.97		47.95	39.97	
Share price						
High	104.32	72.85		104.32	74.79	
Low	95.00	62.99		65.54	38.73	
Close	102.46	63.94		102.46	63.94	
Number of common shares *(thousands)*	337,912	335,998		337,912	335,998	
Market capitalization	34,622	21,484		34,622	21,484	

(millions of Canadian dollars)	As at October 31, 2021	As at October 31, 2020	% Change
Balance sheet and off-balance-sheet			
Total assets	355,795	331,625	7
Loans and acceptances, net of allowances	182,689	164,740	11
Deposits	240,938	215,878	12
Equity attributable to common shareholders	16,203	13,430	21
Assets under administration(1)	651,530	509,071	28
Assets under management(1)	117,186	87,585	34
Regulatory ratios under Basel III(1)			
Capital ratios			
Common Equity Tier 1 (CET1)	12.4 %	11.8 %	
Tier 1	15.0 %	14.9 %	
Total	15.9 %	16.0 %	
Leverage ratio	4.4 %	4.4 %	
Liquidity coverage ratio (LCR)(1)	154 %	161 %	
Net stable funding ratio (NSFR)(1)	117 %		
Regulatory ratios under Basel III (adjusted)(1)(3)			
Capital ratios			
CET1	12.3 %	11.5 %	
Tier 1	14.9 %	14.6 %	
Total	15.9 %	16.0 %	
Leverage ratio	4.4 %	4.3 %	
Other information			
Number of employees – Worldwide	26,920	26,517	2
Number of branches in Canada	384	403	(5)
Number of banking machines in Canada	927	940	(1)

(1) For additional information on supplementary financial measures composition, non-GAAP ratios, and capital management measures, see the Financial Report Method section and the Glossary section on pages 18 to 21 and on pages 123 to 126, respectively, of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

(2) For additional information on non-GAAP financial measures, see the Financial Reporting Method section on pages 2 to 5.

(3) For additional information, see the section entitled COVID-19 Pandemic – Key Measures Introduced by the Regulatory Authorities on page 17 of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Financial Analysis

This press release should be read in conjunction with the *2021 Annual Report* (which includes the audited annual consolidated financial statements and MD&A) available on the Bank's website at nbc.ca. Additional information about the Bank, including the *Annual Information Form*, can be obtained from the Bank's website at nbc.ca or SEDAR's website at sedar.com.

Total Revenues

For the fourth quarter of 2021, the Bank's total revenues amounted to $2,211 million, up $211 million or 11% from the fourth quarter of 2020. In the Personal and Commercial segment, fourth-quarter total revenues rose 7% year over year owing to loan and deposit growth (partly offset by a narrowing of the net interest margin caused by lower interest rates) as well as to increases in credit card revenues, revenues from merger and acquisition activities, revenues from foreign exchange activities, and internal commission revenues related to the distribution of Wealth Management products. In the Wealth Management segment, fourth-quarter total revenues grew 20% year over year, resulting mainly from an increase in fee-based revenues given growth in average assets under administration and average assets under management and given an increase in transaction volume. In the Financial Markets segment, fourth-quarter total revenues on a taxable equivalent basis decreased by 3% year over year due to lower global markets revenues. In the USSF&I segment, fourth-quarter total revenues rose 4% year over year owing to sustained revenue growth at the ABA Bank subsidiary, given higher loan and deposit volumes, tempered by a decrease in revenues at the Credigy subsidiary related to downward remeasurements of certain loan portfolios. For the *Other* heading, fourth-quarter total revenues included gains on investments, a $33 million non-taxable gain following the remeasurement of the previously held equity interest in Flinks Technology Inc. (Flinks), a $30 million loss on a fair value measurement of the Bank's equity interest in AfrAsia Bank Limited (AfrAsia), and a lower contribution from Treasury activities. In the fourth quarter of fiscal 2020, total revenues had included a $24 million foreign currency translation loss on a disposal of subsidiaries. Total revenues on a taxable equivalent basis and excluding specified items amounted to $2,252 million in the fourth quarter of 2021, up 9% from $2,073 million in the fourth quarter of 2020.

For the year ended October 31, 2021, total revenues amounted to $8,927 million, up $1.0 billion or 13% from $7,927 million in fiscal 2020. In the Personal and Commercial segment, fiscal 2021 total revenues rose $229 million or 7% year over year due to an increase in net interest income arising from loan and deposit growth, as well as to increases in credit fee revenues, revenues from derivative financial instruments, credit card revenues, insurance revenues, and internal commission revenues related to the distribution of Wealth Management products. In the Wealth Management segment, fiscal 2021 total revenues were up 17% due to growth in fee-based revenues and in transaction-based and other revenues. In the Financial Markets segment, fiscal 2021 total revenues on a taxable equivalent basis rose $92 million or 4% year over year given growth in corporate and investment banking revenues, tempered by a decrease in global markets revenues. In the USSF&I segment, fiscal 2021 total revenues grew 22% year over year. Revenue growth at the ABA Bank subsidiary was driven by loan and deposit growth, while revenue growth at the Credigy subsidiary was notably due to a gain realized in fiscal 2021 upon the disposal of loan portfolios as well as to fair value remeasurements of certain loan portfolios. For the *Other* heading of segment results, fiscal 2021 total revenues included gains on investments, a $33 million non-taxable gain following a remeasurement of the previously held equity interest in Flinks, and a $30 million loss on the fair value measurement of the Bank's equity interest in AfrAsia. In fiscal 2020, total revenues had included a $24 million foreign currency translation loss on a disposal of subsidiaries. For the year ended October 31, 2021, total revenues on a taxable equivalent basis and excluding specified items amounted to $9,116 million, up 11% from $8,216 million in fiscal 2020.

Non-Interest Expenses

For the fourth quarter of 2021, non-interest expenses stood at $1,258 million, stable compared to the fourth quarter of 2020. An increase in compensation and employee benefits, in particular the variable compensation associated with revenue growth, was offset by a lower technology expense, essentially explained by $9 million in impairment losses on premises and equipment and on intangible assets in the fourth quarter of 2021 compared to $71 million in the same quarter of 2020. In the fourth quarter of 2020, non-interest expenses had also included $48 million in severance pay and expenses incurred by the Bank to implement health and safety measures for employees and clients in response to COVID-19, which were higher in that quarter. Fourth-quarter non-interest expenses excluding specified items stood at $1,249 million, up 10% from $1,140 million in the fourth quarter of 2020.

For the year ended October 31, 2021, non-interest expenses stood at $4,853 million, a 7% year-over-year increase that was essentially due to higher compensation and employee benefits, in particular the variable compensation associated with revenue growth. Technology expenses were also up due to significant investments made by the Bank for its transformation plan and business development purposes, partly offset by higher impairment losses, in fiscal 2020, on premises and equipment and on intangible assets. These increases were tempered, however, by decreases in certain variable expenses, in particular the compensatory tax on salaries as well as the expenses incurred by the Bank to take measures in response to COVID-19. In addition, in fiscal 2020, other expenses had included a $13 million charge related to Maple. Non-interest expenses excluding specified items stood at $4,844 million in fiscal 2021, up 10% from $4,413 million in fiscal 2020.

Provisions for Credit Losses

For the fourth quarter of 2021, the Bank recorded $41 million in recoveries of credit losses compared to provisions for credit losses of $110 million recorded in the fourth quarter of 2020. This decrease was partly due to reversals of allowances for credit losses on non-impaired loans given improvements in the macroeconomic outlook and in credit conditions in the fourth quarter of 2021. In addition, provisions for credit losses on Personal Banking's impaired loans (including credit card receivables) and Commercial Banking's impaired loans were also down, whereas provisions for credit losses on the Financial Markets segment's impaired loans were up in the fourth quarter of 2021. The fourth-quarter provisions for credit losses on impaired loans of the Credigy subsidiary were also down compared to the same quarter of 2020, notably on purchased or originated credit-impaired (POCI) loans following a remeasurement of certain portfolios.

For the year ended October 31, 2021, the Bank recorded $2 million in provisions for credit losses compared to $846 million in fiscal 2020. This $844 million decrease was due to lower provisions for credit losses on non-impaired loans owing to improvements in the macroeconomic outlook and in credit conditions in fiscal 2021 compared to the significant deterioration in the macroeconomic outlook caused by COVID-19 in fiscal 2020. This decrease was also due to provisions for credit losses recorded on Personal Banking impaired loans (including credit card receivables) that were below pre-pandemic levels, in particular due to a decrease in insolvencies, to a reduction in client spending in the context of the pandemic, and to various assistance measures implemented by governments. The provisions for credit losses on impaired Commercial Banking and Credigy loans were also down compared to fiscal 2020. In the Financial Markets segment, the fiscal 2021 provisions for credit losses on impaired loans were up year over year.

Income Taxes

For the fourth quarter of 2021, income taxes stood at $218 million compared to $139 million in the same quarter of 2020. The 2021 fourth-quarter effective income tax rate was 22%, unchanged from the fourth quarter of 2020.

For the year ended October 31, 2021, the effective income tax rate was 22% compared to 18% in fiscal 2020. This change in the effective tax rate stems mainly from a higher level and proportion of tax-exempt dividend income in fiscal 2020 as well as from a decrease in the income tax rate applicable to the ABA Bank subsidiary in 2020 due to tax incentive measures granted by the Cambodian government.

Results by Segment

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

Personal and Commercial

(millions of Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2021	2020[1]	% Change	2021	2020[1]	% Change
Operating results						
Net interest income	661	627	5	2,583	2,445	6
Non-interest income	284	254	12	1,103	1,012	9
Total revenues	945	881	7	3,686	3,457	7
Non-interest expenses	503	476	6	1,958	1,892	3
Income before provisions for credit losses and income taxes	442	405	9	1,728	1,565	10
Provisions for credit losses	(38)	67		6	517	(99)
Income before income taxes	480	338	42	1,722	1,048	64
Income taxes	127	89	43	456	278	64
Net income	353	249	42	1,266	770	64
Net interest margin[2]	2.06 %	2.19 %		2.12 %	2.19 %	
Average interest-bearing assets[2]	127,244	113,749	12	121,593	111,488	9
Average assets[2]	134,335	119,504	12	127,716	117,338	9
Average loans and acceptances[2]	133,294	118,994	12	127,013	116,838	9
Net impaired loans[2]	218	412	(47)	218	412	(47)
Net impaired loans as a % of loans and acceptances[2]	0.2 %	0.4 %		0.2 %	0.4 %	
Average deposits[2]	80,639	72,208	12	77,051	67,378	14
Efficiency ratio[2]	53.2 %	54.0 %		53.1 %	54.7 %	

(1) For the quarter and year ended October 31, 2020, certain amounts have been reclassified.
(2) For additional information on supplementary financial measures composition, see the Glossary section on pages 123 to 126 of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

In the Personal and Commercial segment, net income totalled $353 million in the fourth quarter of 2021 compared to $249 million in the fourth quarter of 2020. This increase was driven by growth in total revenues, by lower provisions for credit losses on non-impaired loans given improvements in the macroeconomic outlook and in credit conditions, and by a decrease in provisions for credit losses on impaired loans. The segment's fourth-quarter income before provisions for credit losses and income taxes grew 9% year over year. Fourth-quarter net interest income was up 5% year over year, as growth in personal and commercial loans and deposits more than offset the impact of lower interest rates on the net interest margin, which was 2.06% compared to 2.19% in the fourth quarter of 2020. As for fourth-quarter non-interest income, it rose $30 million or 12% year over year.

Personal Banking's fourth-quarter total revenues increased by $24 million year over year. This increase came from loan and deposit growth (tempered by a lower net interest margin) and from increases in credit card revenues and internal commission revenues related to the distribution of Wealth Management products. Commercial Banking's fourth-quarter total revenues grew $40 million year over year, mainly due to an increase in net interest income driven by loan and deposit growth, and also to increases in revenues from foreign exchange activities and from merger and acquisition activities.

For the fourth quarter of 2021, the Personal and Commercial segment's non-interest expenses stood at $503 million, up 6% from the fourth quarter of 2020. This increase was mainly due to higher operations support charges and a higher amortization expense related to the segment's activities as well as to an increase in compensation and employee benefits. At 53.2%, the segment's fourth-quarter efficiency ratio improved by 0.8 percentage points compared to the fourth quarter of 2020. For the fourth quarter of 2021, the segment recorded $38 million in recoveries of credit losses compared to $67 million in provisions for credit losses recorded in the fourth quarter of 2020. This decrease stems from reversals of allowances for credit losses on non-impaired loans given improvements in the macroeconomic outlook and in credit conditions in the fourth quarter of 2021, whereas, in the fourth quarter of 2020, higher provisions for credit losses on impaired loans had been recorded. In addition, the provisions for credit losses on Personal Banking impaired loans and on Commercial Banking impaired loans as well as on impaired credit card receivables were below pre-pandemic levels, in particular due to fewer cases of insolvency and to the various assistance measures deployed by governments.

For the year ended October 31, 2021, net income generated by the Personal and Commercial segment totalled $1,266 million, up from $770 million in fiscal 2020. This increase was essentially due to the impacts of COVID-19 on macroeconomic factors, which affected the provisions for credit losses recorded by the Bank in fiscal 2021 and fiscal 2020, and to a $229 million year-over-year increase in the segment's total revenues. The segment's income before provisions for credit losses and income taxes totalled $1,728 million in fiscal 2021, up 10% year over year. Personal Banking's total revenues were up, mainly due to loan and deposit growth (tempered by the impact of lower interest rates on the net interest margin) and to increases in insurance revenues, internal commission revenues related to the distribution of Wealth Management products, and credit card revenues. Commercial Banking's total revenues were also up, rising 11% owing to loan and deposit growth (tempered by a narrowing of the net interest margin) as well as to increases in revenues from bankers' acceptances, in revenues from derivative financial instruments, and in revenues from credit fees.

For fiscal 2021, Personal and Commercial's non-interest expenses stood at $1,958 million, a 3% year-over-year increase that was mainly attributable to increases in operations support charges and amortization expense as well as to higher compensation and employee benefits. These increases were partly offset by a decrease in certain variable expenses. At 53.1% for the year ended October 31, 2021, the efficiency ratio improved by 1.6 percentage points versus fiscal 2020. For fiscal 2021, the segment recorded $6 million in provisions for credit losses compared to $517 million in fiscal 2020. This decrease stems from reversals of allowances for credit losses on non-impaired loans given improvements in the macroeconomic outlook and in credit conditions in fiscal 2021, whereas substantially higher provisions for credit losses had been recorded in fiscal 2020 to reflect a significant deterioration in the macroeconomic outlook caused by COVID-19. In addition, the provisions for credit losses on Personal Banking impaired loans and on Commercial Banking impaired loans as well as on impaired credit card receivables were below pre-pandemic levels, in particular due to fewer cases of insolvency and to the various assistance measures deployed by governments.

Wealth Management

(millions of Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2021	2020[1]	% Change	2021	2020[1]	% Change
Operating results						
Net interest income	115	107	7	448	442	1
Fee-based revenues	357	281	27	1,316	1,087	21
Transaction-based and other revenues	90	79	14	405	330	23
Total revenues	562	467	20	2,169	1,859	17
Non-interest expenses	337	284	19	1,277	1,125	14
Income before provisions for credit losses and income taxes	225	183	23	892	734	22
Provisions for credit losses	1	1	–	1	7	(86)
Income before income taxes	224	182	23	891	727	23
Income taxes	59	48	23	236	192	23
Net income	165	134	23	655	535	22
Average assets[2]	7,699	6,024	28	7,146	5,917	21
Average loans and acceptances[2]	6,556	4,890	34	5,998	4,776	26
Net impaired loans[2]	16	2		16	2	
Average deposits[2]	33,659	35,847	(6)	33,934	34,507	(2)
Assets under administration[2]	651,530	509,071	28	651,530	509,071	28
Assets under management[2]	117,186	87,585	34	117,186	87,585	34
Efficiency ratio[2]	60.0 %	60.8 %		58.9 %	60.5 %	

(1) For the quarter and year ended October 31, 2020, certain amounts have been reclassified.
(2) For additional information on supplementary financial measures composition, see the Glossary section on pages 123 to 126 of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

In the Wealth Management segment, net income totalled $165 million in the fourth quarter of 2021, a 23% increase from $134 million in the fourth quarter of 2020. The segment's fourth-quarter total revenues amounted to $562 million, up $95 million or 20% from $467 million in the fourth quarter of 2020. This increase was driven by a 27% increase in fee-based revenues given growth in average assets under administration and average assets under management as a result of net inflows into various solutions and of stronger stock market performance in fiscal 2021 and was also driven by growth in transaction-based and other revenues, which rose 14% owing to an increase in commissions on trading volume and new issuances in the fourth quarter of 2021. The segment's fourth-quarter net interest income was up 7% due to loan growth.

For the fourth quarter of 2021, Wealth Management's non-interest expenses stood at $337 million, a 19% year-over-year increase that was attributable to higher compensation and employee benefits, notably the variable compensation associated with the segment's revenue growth, as well as to higher external management fees and higher operations support charges. At 60.0%, the segment's fourth-quarter efficiency ratio improved by 0.8 percentage points compared to the fourth quarter of 2020. The segment's provisions for credit losses remained stable in the fourth quarters of 2021 and 2020.

For the year ended October 31, 2021, the Wealth Management segment's net income totalled $655 million, up 22% from $535 million in fiscal 2020. The segment's fiscal 2021 total revenues amounted to $2,169 million, up 17% from $1,859 million in fiscal 2020. Fiscal 2021 fee-based revenues rose 21% year over year thanks to growth in average assets under administration and average assets under management as a result of net inflows into various solutions and of stronger stock market performance in fiscal 2021. Fiscal 2021 transaction-based and other revenues grew 23% year over year owing to an increase in trading volume resulting from stronger stock market activity during this period. As for the segment's fiscal 2021 net interest income, it was up $6 million year over year owing to growth in loans, tempered by a lower deposit margin. For fiscal 2021, Wealth Management's non-interest expenses stood at $1,277 million compared to $1,125 million in fiscal 2020, an increase attributable to higher compensation and employee benefits, notably the variable compensation associated with revenue growth, as well as to higher external management fees and higher operations support charges related to the segment's business growth and initiatives. At 58.9%, the segment's efficiency ratio for the year ended October 31, 2021 improved from 60.5% in fiscal 2020. Wealth Management recorded $1 million in provisions for credit losses for fiscal 2021, whereas, in fiscal 2020, it had recorded $7 million to reflect a deterioration in the macroeconomic outlook caused by COVID-19.

Financial Markets

(taxable equivalent basis)[1] (millions of Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2021	2020[2]	% Change	**2021**	2020[2]	% Change
Operating results						
Global markets						
Equities	**175**	148	18	**685**	706	(3)
Fixed-income	**58**	114	(49)	**357**	430	(17)
Commodities and foreign exchange	**34**	19	79	**128**	132	(3)
	267	281	(5)	**1,170**	1,268	(8)
Corporate and investment banking	**215**	214	–	**976**	786	24
Total revenues on a taxable equivalent basis	**482**	495	(3)	**2,146**	2,054	4
Non-interest expenses	**206**	185	11	**880**	812	8
Income before provisions for credit losses and income taxes on a taxable equivalent basis	**276**	310	(11)	**1,266**	1,242	2
Provisions for credit losses	**(7)**	27	(126)	**10**	239	(96)
Income before income taxes on a taxable equivalent basis	**283**	283	–	**1,256**	1,003	25
Income taxes on a taxable equivalent basis	**75**	75	–	**333**	265	26
Net income	**208**	208	–	**923**	738	25
Average assets[3]	**151,047**	132,067	14	**150,147**	123,943	21
Average loans and acceptances[3] (Corporate Banking only)	**18,834**	18,589	1	**18,518**	18,782	(1)
Net impaired loans[3]	**9**	21	(57)	**9**	21	(57)
Average deposits[3]	**46,581**	35,098	33	**43,397**	35,433	22
Efficiency ratio on a taxable equivalent basis[4]	**42.7 %**	37.4 %		**41.0 %**	39.5 %	

(1) For additional information on non-GAAP financial measures, see the Financial Reporting Method section on pages 2 to 5.
(2) For the quarter and year ended October 31, 2020, certain amounts have been reclassified.
(3) For additional information on supplementary financial measures composition, see the Glossary section on pages 123 to 126 of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.
(4) For additional information on non-GAAP ratios, see the Financial Reporting Method section and the Glossary section on pages 18 to 21 and on pages 123 to 126, respectively, of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

In the Financial Markets segment, net income totalled $208 million in the fourth quarter of 2021, stable compared to the fourth quarter of 2020. Fourth-quarter total revenues on a taxable equivalent basis amounted to $482 million, down $13 million or 3% from $495 million in the fourth quarter of 2020. Fourth-quarter global markets revenues were down 5% year over year, as revenues from fixed-income securities declined 49%, partly offset by increases in revenues from equities and in revenues from commodities and foreign exchange activities, which rose 18% and 79%, respectively. As for fourth-quarter corporate and investment banking revenues, they remained stable year over year, as higher revenues generated by capital markets activities as well as higher revenues from banking services were offset by lower revenues from merger and acquisition activities.

The segment's fourth-quarter non-interest expenses stood at $206 million, an 11% year-over-year increase that was essentially due to increases in compensation and employee benefits, in technology investment expenses, and in operations support charges. At 42.7%, the segment's fourth-quarter efficiency ratio on a taxable equivalent basis compares to 37.4% in the same quarter of 2020. For the fourth quarter of 2021, Financial Markets recorded $7 million in recoveries of credit losses compared to $27 million in provisions for credit losses recorded in the fourth quarter of 2020. This decrease was due to reversals of allowances for credit losses on non-impaired loans in the fourth quarter of 2021 given a more favourable macroeconomic outlook and improved credit conditions. The fourth-quarter provisions for credit losses on impaired loans were up $8 million compared to fourth-quarter 2020.

For the year ended October 31, 2021, net income generated by Financial Markets totalled $923 million, a 25% year-over-year increase arising from a decrease in provisions for credit losses and from growth in total revenues. The segment's income before provisions for credit losses and income taxes on a taxable equivalent basis totalled $1,266 million in fiscal 2021, up $24 million or 2% from fiscal 2020. Its fiscal 2021 total revenues on a taxable equivalent basis amounted to $2,146 million, up $92 million or 4% from $2,054 million in fiscal 2020. Global markets revenues declined 8% year over year given decreases across all types of revenues, which had benefitted from a favourable context in fiscal 2020. For fiscal 2021, the segment's corporate and investment banking revenues grew 24% year over year, mainly due to increases in revenues from capital markets activities, in revenues from merger and acquisition activities, and in banking service revenues.

The segment's fiscal 2021 non-interest expenses rose 8% year over year, essentially due to higher compensation and employee benefits, notably the variable compensation associated with revenue growth, as well as to higher technology investment expenses and higher operations support charges. The segment's fiscal 2021 efficiency ratio on a taxable equivalent basis was 41.0% versus 39.5% in fiscal 2020. Financial Markets recorded $10 million in provisions for credit losses for fiscal 2021 compared to $239 million in fiscal 2020. This decrease was due to reversals of allowances for credit losses on non-impaired loans in fiscal 2021 given improved macroeconomic outlook and credit conditions, whereas in fiscal 2020, substantial credit loss provisions had been recorded to reflect a significant deterioration in the macroeconomic outlook caused by COVID-19. For fiscal 2021, the provisions for credit losses on impaired loans were up $7 million year over year.

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

(millions of Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2021	2020	% Change	**2021**	2020	% Change
Total revenues						
Credigy	**100**	122	(18)	**486**	406	20
ABA Bank	**139**	111	25	**510**	410	24
International	**3**	(1)		**5**	4	
	242	232	4	**1,001**	820	22
Non-interest expenses						
Credigy	**30**	38	(21)	**139**	144	(3)
ABA Bank	**45**	41	10	**173**	171	1
International	**1**	1		**3**	4	
	76	80	(5)	**315**	319	(1)
Income before provisions for credit losses and income taxes	**166**	152	9	**686**	501	37
Provisions for credit losses						
Credigy	**–**	12		**(41)**	59	
ABA Bank	**3**	5	(40)	**26**	21	24
	3	17		**(15)**	80	
Income before income taxes	**163**	135	21	**701**	421	67
Income taxes						
Credigy	**15**	15		**86**	43	
ABA Bank	**19**	14		**60**	26	
	34	29		**146**	69	
Net income						
Credigy	**55**	57	(4)	**302**	160	89
ABA Bank	**72**	51	41	**251**	192	31
International	**2**	(2)		**2**	–	
	129	106	22	**555**	352	58
Non-controlling interests	**–**	11		**–**	34	
Net income attributable to the Bank's shareholders and holders of other equity instruments	**129**	95	36	**555**	318	75
Average assets[(1)]	**17,143**	15,272	12	**16,150**	14,336	13
Average loans and receivables[(1)]	**13,479**	11,827	14	**12,558**	11,340	11
Net impaired loans – Stage 3[(1)]	**40**	30	33	**40**	30	33
Purchased or originated credit-impaired (POCI) loans	**464**	855	(46)	**464**	855	(46)
Average deposits[(1)]	**7,351**	5,791	27	**6,699**	5,006	34
Efficiency ratio[(1)]	**31.4 %**	34.5 %		**31.5 %**	38.9 %	

(1) For additional information on supplementary financial measures composition, see the Glossary section on pages 123 to 126 of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

In the USSF&I segment, net income totalled $129 million in the fourth quarter of 2021 compared to $106 million in the fourth quarter of 2020, a 22% increase arising from business growth at the ABA Bank subsidiary. The segment's fourth-quarter total revenues amounted to $242 million, up $10 million or 4% from $232 million in the fourth quarter of 2020. This revenue growth came from a $28 million increase in ABA Bank's revenues, partly offset by a $22 million decrease in Credigy's revenues. For the year ended October 31, 2021, the segment's net income totalled $555 million, a 58% increase from $352 million in fiscal 2020.

Credigy

For the fourth quarter of 2021, the Credigy subsidiary's net income totalled $55 million, a $2 million decrease from the same quarter in 2020. Credigy's fourth-quarter total revenues amounted to $100 million, down from $122 million in the fourth quarter of 2020, mainly due to lower interest rates, to the fair value remeasurement of certain portfolios, and to exchange rate movements, partly offset by growth in loan volumes. Fourth-quarter non-interest expenses stood at $30 million, down $8 million as a result of lower service charges. Credigy's fourth-quarter provisions for credit losses were down $12 million year over year, resulting in part from a remeasurement of POCI loan portfolios and from a decrease in the provisions for credit losses on impaired loans.

For the year ended October 31, 2021, the Credigy subsidiary's net income totalled $302 million, up $142 million year over year. Its fiscal 2021 total revenues amounted to $486 million, up from $406 million in fiscal 2020. Growth in loan portfolios and solid performance in certain portfolios drove up net interest income, while an increase in non-interest income was generated by a $26 million gain realized in the first quarter of 2021 following a disposal of loan portfolios and by a favourable impact of remeasuring certain loan portfolios at fair value, whereas the impacts of the COVID-19 pandemic had an unfavourable impact on the performance of these same portfolios in fiscal 2020. Credigy's fiscal 2021 non-interest expenses were down $5 million year over year given a decrease in service charges, partly offset by an increase in variable compensation. Credigy's fiscal 2021 provisions for credit losses were down $100 million year over year, resulting from a more favourable macroeconomic outlook, a remeasurement of POCI loan portfolios, and a decrease in the provisions for credit losses on impaired loans.

During the year ended October 31, 2021, the Bank acquired the entire remaining non-controlling interest in the Credigy subsidiary. For additional information, see Note 31 to the audited annual consolidated financial statements for the year ended October 31, 2021.

ABA Bank

For the fourth quarter of 2021, the ABA Bank subsidiary's net income totalled $72 million, up $21 million or 41% from the fourth quarter of 2020. ABA Bank's fourth-quarter total revenues also increased, rising 25% year over year due to sustained loan and deposit growth, partly offset by lower interest rates and exchange rate movements. The subsidiary's fourth-quarter non-interest expenses stood at $45 million, up $4 million from the fourth quarter of 2020. The subsidiary recorded $3 million in provisions for credit losses during the fourth quarter of 2021 compared to $5 million in the same quarter of 2020, a decrease that stems essentially from provisions for credit losses on non-impaired loans.

For the year ended October 31, 2021, ABA Bank's net income totalled $251 million, up 31% from fiscal 2020. Growth in the subsidiary's business activities, mainly in the form of sustained loan and deposit growth, drove total revenues up 24% year over year. However, this growth was tempered by lower interest rates and by exchange rate movement. At $173 million, ABA Bank's fiscal 2021 non-interest expenses remained relatively stable compared with fiscal 2020, as higher variable compensation was offset by exchange rate movement. The subsidiary recorded $26 million in provisions for credit losses in fiscal 2021, up $5 million year over year, as provisions for credit losses on non-impaired loans rose, essentially due to an anticipated impact on the subsidiary's clients of an increase in COVID-19 cases in fiscal 2021.

For fiscal 2021, the subsidiary's effective tax rate increased year over year, mainly due to tax incentive measures granted by the Cambodian government and recorded during the second quarter of 2020.

Other

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

	Quarter ended October 31		Year ended October 31	
	2021	2020(2)	**2021**	2020(2)
Operating results				
Net interest income on a taxable equivalent basis	**(69)**	(55)	**(200)**	(177)
Non-interest income on a taxable equivalent basis	**90**	29	**314**	179
Total revenues on a taxable equivalent basis	**21**	(26)	**114**	2
Non-interest expenses	**136**	234	**423**	397
Income before provisions for credit losses and income taxes on a taxable equivalent basis	**(115)**	(260)	**(309)**	(395)
Provisions for credit losses	**–**	(2)	**–**	3
Income before income taxes on a taxable equivalent basis	**(115)**	(258)	**(309)**	(398)
Income taxes (recovery) on a taxable equivalent basis	**(36)**	(53)	**(87)**	(86)
Net loss	**(79)**	(205)	**(222)**	(312)
Non-controlling interests	**–**	(9)	**–**	8
Net loss attributable to the Bank's shareholders and holders of other equity instruments	**(79)**	(196)	**(222)**	(320)
Specified items after income taxes(1)	**(7)**	(123)	**(7)**	(133)
Net loss excluding specified items(1)	**(72)**	(82)	**(215)**	(179)
Specified items after income taxes and non-controlling interests	**(7)**	(113)	**(7)**	(123)
Net loss attributable to the Bank's shareholders and holders of other equity instruments excluding specified items	**(72)**	(83)	**(215)**	(197)
Average assets(3)	**61,533**	65,544	**62,503**	56,665

(1) For additional information on non-GAAP financial measures, see the Financial Reporting Method section on pages 2 to 5.
(2) For the quarter and year ended October 31, 2020, certain amounts have been reclassified.
(3) For additional information on supplementary financial measures composition, see the Glossary section on pages 123 to 126 of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

For the *Other* heading of segment results, there was a net loss of $79 million in the fourth quarter of 2021 compared to a net loss of $205 million in the same quarter of 2020. The lower loss came mainly from specified items, which had had a $123 million unfavourable impact in the fourth quarter of 2020 compared to a $7 million unfavourable impact in the fourth quarter of 2021. This change in net loss was also due to higher gains on investments recorded in the fourth quarter of 2021, a $33 million non-taxable gain on remeasurement of the previously held equity interest in Flinks, and a decrease in the expenses incurred by the Bank to protect the health and safety of employees and clients in response to COVID-19, which were higher in the fourth quarter of 2020. These items were partly offset by an increase in technology investments related the Bank's transformation plan and business development as well as by a loss of $30 million ($26 million net of income taxes) on a fair value remeasurement of the Bank's equity interest in AfrAsia. The specified items, net of income taxes, recorded in the fourth quarter of 2021 included $7 million in impairment losses on intangible assets, whereas in the fourth quarter of 2020, they had included a $36 million foreign currency translation loss on a disposal of Credigy subsidiaries in Brazil, $52 million in impairment losses on premises and equipment and on intangible assets, and $35 million in severance pay. The fourth-quarter net loss excluding specified items was $72 million compared to an $82 million net loss in the fourth quarter of 2020.

For the year ended October 31, 2021, net loss stood at $222 million compared to a net loss of $312 million in fiscal 2020. This lower net loss was due to the same reasons as those provided for the quarter as well as the lower revenues from Treasury activities in fiscal 2021 compared to fiscal 2020, in part due to stock market volatility in fiscal 2020. In addition, non-interest expenses were also up, arising from higher variable compensation associated with revenue growth. The specified items, net of income taxes, recorded in fiscal 2021 included $7 million in impairment losses on intangible assets. In fiscal 2020, specified items, net of income taxes, had included a $36 million foreign currency translation loss on the disposal of Credigy subsidiaries in Brazil, $52 million in impairment losses on premises and equipment and on intangible assets, $35 million in severance pay, and a $10 million charge related to Maple.

Consolidated Balance Sheet

Consolidated Balance Sheet Summary

(millions of Canadian dollars)	As at October 31, 2021	As at October 31, 2020	% Change
Assets			
Cash and deposits with financial institutions	33,879	29,142	16
Securities	106,304	102,131	4
Securities purchased under reverse repurchase agreements and securities borrowed	7,516	14,512	(48)
Loans and acceptances, net of allowances	182,689	164,740	11
Other	25,407	21,100	20
	355,795	331,625	7
Liabilities and equity			
Deposits	240,938	215,878	12
Other	95,233	98,589	(3)
Subordinated debt	768	775	(1)
Equity attributable to the Bank's shareholders and holders of other equity instruments	18,853	16,380	15
Non-controlling interests	3	3	−
	355,795	331,625	7

Assets

As at October 31, 2021, the Bank had total assets of $355.8 billion, a $24.2 billion or 7% increase from $331.6 billion as at October 31, 2020. Cash and deposits with financial institutions, totalling $33.9 billion as at October 31, 2021, increased by $4.8 billion, mainly due to deposits with the Bank of Canada and the U.S. Federal Reserve. The high level of cash and deposits with financial institutions came partly from the liquidity obtained as part of financing initiatives deployed by the Canadian government in 2020, through the Bank of Canada, to support the Canadian financial system in response to COVID-19.

Since October 31, 2020, securities rose $4.2 billion due to a $6.5 billion or 8% increase in securities at fair value through profit or loss, essentially equity securities, partly offset by a $2.3 billion decrease in securities other than those measured at fair value through profit or loss. Securities purchased under reverse repurchase agreements and securities borrowed decreased by $7.0 billion, mainly related to activities in the Financial Markets segment and Treasury.

Totalling $182.7 billion as at October 31, 2021, loans and acceptances, net of allowances for credit losses, rose $18.0 billion or 11% since October 31, 2020. The following table provides a breakdown of the main loan and acceptance portfolios.

(millions of Canadian dollars)	As at October 31, 2021	As at October 31, 2020
Loans and acceptances		
Residential mortgage and home equity lines of credit	99,146	89,097
Personal	14,449	13,475
Credit card	2,150	2,038
Business and government	67,942	61,288
	183,687	165,898
Allowances for credit losses	(998)	(1,158)
	182,689	164,740

Residential mortgages (including home equity lines of credit) rose $10.0 billion or 11% since October 31, 2020 mainly due to sustained demand for mortgage credit in the Personal and Commercial segment. Personal loans rose since October 31, 2020, due to business growth at Personal Banking, in the Wealth Management segment, and at the ABA Bank subsidiary, tempered somewhat by a decrease in the outstanding loan portfolios of the Credigy subsidiary following repayments and the disposal of loan portfolios. As for credit card receivables, they totalled $2.2 billion, rising $0.1 billion since October 31, 2020. Loans and acceptances to business and government were up $6.6 billion or 11% since October 31, 2020 owing to business growth in Commercial Banking and at Credigy.

Impaired loans include loans classified in Stage 3 of the expected credit loss model and the purchased or originated credit-impaired (POCI) loans of the Credigy subsidiary. As at October 31, 2021, gross impaired loans excluding POCI loans stood at $662 million compared to $817 million as at October 31, 2020. Net impaired loans excluding POCI loans stood at $283 million as at October 31, 2021 compared to $465 million as at October 31, 2020, a $182 million decrease related to decreases in net impaired loans in the Personal Banking and Commercial Banking portfolios as well as the loan portfolios of the Financial Markets segment. This decrease was partly offset by an increase in the net impaired loans of the Wealth Management segment and of the ABA Bank subsidiary. Gross POCI loans stood at $464 million as at October 31, 2021, whereas they had stood at $855 million as at October 31, 2020 as a result of repayments and maturities of certain portfolios.

At $25.4 billion as at October 31, 2021, other assets increased by $4.3 billion since October 31, 2020. This increase came mainly from a $3.1 billion increase in derivative financial instruments related to the activities of the Financial Markets segment as well as from a $0.6 billion increase in defined benefit pension plan assets.

Liabilities
As at October 31, 2021, the Bank had total liabilities of $336.9 billion compared to $315.2 billion as at October 31, 2020.

The Bank's total deposit liability stood at $240.9 billion as at October 31, 2021 compared to $215.9 billion as at October 31, 2020, rising $25.0 billion or 12% since October 31, 2020. At $70.1 billion as at October 31, 2021, personal deposits increased $2.6 billion since October 31, 2020. This increase was driven by business growth in Personal Banking, in the Financial Markets segment, and at the ABA Bank subsidiary, tempered by lower deposits in the Wealth Management segment.

Business and government deposits totalled $167.9 billion as at October 31, 2021, rising $24.1 billion since October 31, 2020. This increase came from the funding activities of the Financial Markets segment and of Treasury, including $3.5 billion in deposits subject to bank recapitalization (bail-in) conversion regulations, as well as from Commercial Banking activities. At $3.0 billion as at October 31, 2021, deposits from deposit-taking institutions decreased $1.6 billion since October 31, 2020.

As at October 31, 2021, other liabilities stood at $95.2 billion, declining $3.4 billion or 3% since October 31, 2020, as a $3.9 billion increase in obligations related to securities sold short and a $6.5 billion increase in derivative financial instruments were more than offset by a $16.6 billion decrease in obligations related to securities sold under repurchase agreements and securities loaned.

Equity
As at October 31, 2021, equity attributable to the Bank's shareholders and holders of other equity instruments totalled $18.9 billion, rising $2.5 billion since October 31, 2020. This increase was mainly due to net income net of dividends, by the $500 million issuance of Limited Recourse Capital Notes (LRCN) – Series 2, by the issuance of common shares under the Stock Option Plan, by remeasurements of pension plans and other post-employment benefit plans, and by gains on cash flow hedges in accumulated other comprehensive income. These increases were partly offset by unrealized foreign currency translation losses on investments in foreign operations and by the $800 million in redemptions of the Series 34 and Series 36 preferred shares.

Acquisition

Acquisition of Flinks Technology Inc.
On September 8, 2021, the Bank finalized the acquisition of Flinks Technology Inc. (Flinks), a leading fintech company specialized in financial data aggregation and distribution, in which the Bank had already been holding a 30.2% equity interest. Flinks provides services to a wide North American fintech ecosystem and offers attractive data technology solutions. The acquisition strategically positions the Bank in a high-growth market to continue to enhance customer experiences and benefit from future technology-driven innovations. At the time of acquisition, the amount of which was $73 million in cash for voting preferred shares, the Bank was holding an 82.9% equity interest in Flinks, thereby giving it control thereover. Immediately after the acquisition, the Bank made an additional $30 million investment in voting right preferred shares, giving the Bank an 85.9% equity interest in Flinks. The amount of the $73 million purchase price, of the fair value of the previously held equity interest, and of the estimated value of the non-controlling interest established on the acquisition date, exceeded the fair value of the net assets acquired by $101 million. This excess amount has been recorded on the Consolidated Balance Sheet as goodwill and mainly represents the expected future profits of Flinks given its favourable position in this growth market. The goodwill is not deductible for tax purposes. The previously held equity interest, accounted for as an associate, was remeasured at fair value, generating a $33 million non-taxable remeasurement gain that was reported in the *Non-interest income – Other* item of the Consolidated Statement of Income.

Acquisition of the Entire Remaining Non-Controlling Interest in the Credigy Ltd. Subsidiary
On December 15, 2020, the Bank acquired the entire remaining non-controlling interest in the Credigy Ltd. subsidiary following a decision by the non-controlling shareholders to exercise their put options for an amount of $300 million according to an agreement reached in 2013. Following this transaction, Credigy Ltd. became a wholly owned subsidiary of the Bank.

Event After the Consolidated Balance Sheet Date

Repurchase of common shares
On November 30, 2021, the Bank's Board of Directors approved a normal course issuer bid, beginning December 10, 2021, to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2% of its outstanding common shares) over the 12-month period ending December 9, 2022. Any repurchase through the Toronto Stock Exchange will be done at market prices. The common shares may also be repurchased through other means authorized by the Toronto Stock Exchange and applicable regulations, including private agreements or share repurchase programs under issuer bid exemption orders issued by the securities regulators. A private purchase made under an exemption order issued by a securities regulator will be done at a discount to the prevailing market price. The amounts that are paid above the average book value of the common shares are charged to *Retained earnings.* This normal course issuer bid is subject to the approval of OSFI and the Toronto Stock Exchange (TSX).

Income Taxes

In June 2021, the Bank was reassessed by the Canada Revenue Agency (CRA) for additional income tax and interest of approximately $115 million (including estimated provincial tax and interest) in respect of certain Canadian dividends received by the Bank during 2016.

In prior fiscal years, the Bank had been reassessed for additional income tax and interest of approximately $610 million (including provincial tax and interest) in respect of certain Canadian dividends received by the Bank during the 2015, 2014, 2013 and 2012 taxation years.

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

The CRA may issue reassessments to the Bank for taxation years subsequent to 2016 in regard to activities similar to those that were the subject of the above-mentioned reassessments. The Bank remains confident that its tax position was appropriate and intends to vigorously defend its position. As a result, no amount has been recognized in the consolidated financial statements as at October 31, 2021.

Litigation

In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios, and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other legal remedies of varied natures.

More specifically, the Bank is involved as a defendant in class actions instituted by consumers contesting, *inter alia*, certain transaction fees or who wish to avail themselves of certain legislative provisions relating to consumer protection. The recent developments in the main legal proceedings involving the Bank are as follows:

Watson

In 2011, a class action was filed in the Supreme Court of British Columbia against Visa Corporation Canada (Visa) and Mastercard International Incorporated (Mastercard) (the Networks) as well as National Bank and a number of other Canadian financial institutions. A similar action was also initiated in Quebec, Ontario, Alberta and Saskatchewan. In each of the actions, the Networks and financial institutions are alleged to have been involved in a price-fixing system to maintain and increase the fees paid by merchants on transactions executed using the credit cards of the Networks. In so doing, they would notably be in breach of the *Competition Act*. An unspecified amount of compensatory and punitive damages is being claimed. In 2017, a settlement was reached with the plaintiffs; in 2018 it was approved by the trial courts in each of the five jurisdictions where the action was initiated. The rulings approving the settlement were the subject of appeal proceedings in all jurisdictions. These appeal proceedings were all rejected during the year ended October 31, 2021, thereby confirming approval of the settlement reached in 2017 and ending the Bank’s involvement in the class action.

Defrance

On January 21, 2019, the Quebec Superior Court authorized a class action against the National Bank and several other Canadian financial institutions. The originating application was served to the Bank on April 23, 2019. The class action was initiated on behalf of consumers residing in Quebec. The plaintiffs allege that non-sufficient funds charges, billed by all of the defendants when a payment order is refused due to non-sufficient funds, are illegal and prohibited by the *Consumer Protection Act*. The plaintiffs are claiming, in the form of damages, the repayment of these charges as well as punitive damages.

It is impossible to determine the outcome of the claims instituted or which may be instituted against the Bank and its subsidiaries. The Bank estimates, based on the information at its disposal, that while the amount of contingent liabilities pertaining to these claims, taken individually or in the aggregate, could have a material impact on the Bank’s consolidated results of operations for a particular period, it would not have a material adverse impact on the Bank’s consolidated financial position.

Capital Management

As at October 31, 2021, the Bank's CET1, Tier 1, and Total capital ratios were, respectively, 12.4%, 15.0% and 15.9%, i.e., above the regulatory requirements, compared to ratios of, respectively, 11.8%, 14.9% and 16.0% as at October 31, 2020. The increase in the CET1 capital ratio since October 31, 2020 was essentially due to net income net of dividends, common share issuances under the Stock Option Plan, and remeasurements of pension plans and other post-employment benefit plans. These factors were partly offset by organic growth in RWA, by the impact of the transitional measures applicable to ECL provisioning, of which the scaling factor decreased to 50% from 70%, by the impact of unwinding the temporary reduction of stressed VaR multipliers, and by the impact of the acquisition of Flinks. The stability seen in the Tier 1 capital ratio and in the Total capital ratio is explained essentially by redemptions of the Series 34 and Series 36 preferred shares, tempered by the above-mentioned factors and by the issuance of Limited Recourse Capital Notes (LRCN) – Series 2. As at October 31, 2021, the leverage ratio was 4.4%, stable compared to October 31, 2020. The growth in Tier 1 capital, explained by the above-mentioned factors, and significant growth in total exposure were partly offset by the temporary measures announced by OSFI with respect to the exclusion of exposures from central bank reserves and sovereign-issued securities that qualify as high-quality liquid assets (HQLA) securities under the *Liquidity Adequacy Requirements* guideline.

Regulatory Capital and Ratios Under Basel III[(1)]

(millions of Canadian dollars)	As at October 31, 2021		As at October 31, 2020	
	Adjusted[(2)]		Adjusted[(2)]	
Capital				
CET1	12,866	12,973	10,924	11,167
Tier 1	15,515	15,622	13,869	14,112
Total	16,643	16,643	15,167	15,167
Risk-weighted assets	104,358	104,358	94,808	94,808
Total exposure	351,160	351,160	321,038	321,038
Capital ratios				
CET1	12.3 %	12.4 %	11.5 %	11.8 %
Tier 1	14.9 %	15.0 %	14.6 %	14.9 %
Total	15.9 %	15.9 %	16.0 %	16.0 %
Leverage ratio	4.4 %	4.4 %	4.3 %	4.4 %

(1) For additional information on capital management measures, see the Financial Reporting Method section on pages 18 to 21 of the MD&A in the Bank's *2021 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

(2) Adjusted capital and capital ratios do not take into account the transitional measure for provisioning expected credit losses. For additional information, see the section entitled COVID-19 Pandemic – Key Measures Introduced by the Regulatory Authorities on page 17 of the *2021 Annual Report*.

Dividends

On November 30, 2021, the Board of Directors declared regular dividends on the various series of first preferred shares and a dividend of 87 cents per common share, up 16 cents or 23%, payable on February 1, 2022 to shareholders of record on December 27, 2021.

Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)

	As at October 31, 2021	As at October 31, 2020
Assets		
Cash and deposits with financial institutions	33,879	29,142
Securities		
At fair value through profit or loss	84,811	78,326
At fair value through other comprehensive income	9,583	12,726
At amortized cost	11,910	11,079
	106,304	102,131
Securities purchased under reverse repurchase agreements and securities borrowed	7,516	14,512
Loans		
Residential mortgage	72,542	64,959
Personal	41,053	37,613
Credit card	2,150	2,038
Business and government	61,106	54,422
	176,851	159,032
Customers' liability under acceptances	6,836	6,866
Allowances for credit losses	(998)	(1,158)
	182,689	164,740
Other		
Derivative financial instruments	16,484	13,422
Investments in associates and joint ventures	225	409
Premises and equipment	1,216	1,155
Goodwill	1,504	1,414
Intangible assets	1,510	1,434
Other assets	4,468	3,266
	25,407	21,100
	355,795	331,625
Liabilities and equity		
Deposits	240,938	215,878
Other		
Acceptances	6,836	6,866
Obligations related to securities sold short	20,266	16,368
Obligations related to securities sold under repurchase agreements and securities loaned	17,293	33,859
Derivative financial instruments	19,367	12,923
Liabilities related to transferred receivables	25,170	22,855
Other liabilities	6,301	5,718
	95,233	98,589
Subordinated debt	768	775
Equity		
Equity attributable to the Bank's shareholders and holders of other equity instruments		
Preferred shares and other equity instruments	2,650	2,950
Common shares	3,160	3,057
Contributed surplus	47	47
Retained earnings	13,028	10,444
Accumulated other comprehensive income	(32)	(118)
	18,853	16,380
Non-controlling interests	3	3
	18,856	16,383
	355,795	331,625

Consolidated Statements of Income

(unaudited) (millions of Canadian dollars)

	Quarter ended October 31		Year ended October 31	
	2021	2020	**2021**	2020
Interest income				
Loans	**1,369**	1,375	**5,460**	5,915
Securities at fair value through profit or loss	**263**	239	**1,092**	1,140
Securities at fair value through other comprehensive income	**44**	66	**181**	224
Securities at amortized cost	**43**	42	**178**	211
Deposits with financial institutions	**19**	18	**76**	88
	1,738	1,740	**6,987**	7,578
Interest expense				
Deposits	**405**	460	**1,635**	2,552
Liabilities related to transferred receivables	**102**	92	**372**	392
Subordinated debt	**4**	4	**17**	19
Other	**37**	60	**180**	360
	548	616	**2,204**	3,323
Net interest income(1)	**1,190**	1,124	**4,783**	4,255
Non-interest income				
Underwriting and advisory fees	**80**	85	**415**	314
Securities brokerage commissions	**50**	43	**238**	204
Mutual fund revenues	**149**	124	**563**	477
Investment management and trust service fees	**251**	195	**900**	735
Credit fees	**126**	128	**506**	467
Card revenues	**42**	34	**148**	138
Deposit and payment service charges	**70**	68	**274**	262
Trading revenues (losses)	**55**	78	**268**	544
Gains (losses) on non-trading securities, net	**20**	28	**151**	93
Insurance revenues, net	**33**	30	**131**	128
Foreign exchange revenues, other than trading	**45**	39	**202**	164
Share in the net income of associates and joint ventures	**6**	5	**23**	28
Other	**94**	19	**325**	118
	1,021	876	**4,144**	3,672
Total revenues	**2,211**	2,000	**8,927**	7,927
Non-interest expenses				
Compensation and employee benefits	**754**	721	**3,027**	2,713
Occupancy	**75**	74	**299**	291
Technology	**227**	273	**821**	805
Communications	**11**	14	**53**	58
Professional fees	**75**	68	**246**	244
Other	**116**	109	**407**	434
	1,258	1,259	**4,853**	4,545
Income before provisions for credit losses and income taxes	**953**	741	**4,074**	3,382
Provisions for credit losses	**(41)**	110	**2**	846
Income before income taxes	**994**	631	**4,072**	2,536
Income taxes	**218**	139	**895**	453
Net income	**776**	492	**3,177**	2,083
Net income attributable to				
Preferred shareholders and holders of other equity instruments	**26**	31	**123**	118
Common shareholders	**750**	459	**3,054**	1,923
Bank shareholders and holders of other equity instruments	**776**	490	**3,177**	2,041
Non-controlling interests	**–**	2	**–**	42
	776	492	**3,177**	2,083
Earnings per share *(dollars)*				
Basic	**2.22**	1.37	**9.06**	5.73
Diluted	**2.19**	1.36	**8.96**	5.70
Dividends per common share *(dollars)*	**0.71**	0.71	**2.84**	2.84

(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, 2021.

Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)

	Quarter ended October 31		Year ended October 31	
	2021	2020	**2021**	2020
Net income	**776**	492	**3,177**	2,083
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	**(37)**	(9)	**(314)**	43
Net foreign currency translation (gains) losses on investments in foreign operations reclassified to net income	**16**	56	**16**	56
Impact of hedging net foreign currency translation gains (losses)	**9**	7	**95**	(14)
Impact of hedging net foreign currency translation (gains) losses reclassified to net income	**–**	(20)	**–**	(20)
	(12)	34	**(203)**	65
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	**(13)**	27	**6**	240
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**7**	(22)	**(34)**	(155)
Change in allowances for credit losses on debt securities at fair value through other comprehensive income reclassified to net income	**(1)**	1	**(2)**	2
	(7)	6	**(30)**	87
Net change in cash flow hedges				
Net gains (losses) on derivative financial instruments designated as a cash flow hedge	**129**	26	**280**	(271)
Net (gains) losses on designated derivative financial instruments reclassified to net income	**9**	2	**26**	(6)
	138	28	**306**	(277)
Share in the other comprehensive income of associates and joint ventures	**–**	1	**–**	3
Items that will not be subsequently reclassified to net income				
Remeasurements of pension plans and other post-employment benefit plans	**28**	103	**475**	238
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**5**	3	**64**	(2)
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**17**	(28)	**(12)**	(44)
	50	78	**527**	192
Total other comprehensive income, net of income taxes	**169**	147	**600**	70
Comprehensive income	**945**	639	**3,777**	2,153
Comprehensive income attributable to				
Bank shareholders and holders of other equity instruments	**945**	627	**3,790**	2,099
Non-controlling interests	**–**	12	**(13)**	54
	945	639	**3,777**	2,153

Consolidated Statements of Comprehensive Income (cont.)

(unaudited) (millions of Canadian dollars)

Income Taxes – Other Comprehensive Income

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

	Quarter ended October 31		Year ended October 31	
	2021	2020	**2021**	2020
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	**5**	(10)	**14**	(13)
Net foreign currency translation (gains) losses on investments in foreign operations reclassified to net income	**(2)**	6	**(2)**	6
Impact of hedging net foreign currency translation gains (losses)	**2**	2	**24**	(4)
Impact of hedging net foreign currency translation (gains) losses reclassified to net income	**–**	(18)	**–**	(18)
	5	(20)	**36**	(29)
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	**(5)**	10	**2**	86
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**2**	(8)	**(12)**	(56)
Change in allowances for credit losses on debt securities at fair value through other comprehensive income reclassified to net income	**–**	–	**–**	1
	(3)	2	**(10)**	31
Net change in cash flow hedges				
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**47**	10	**100**	(97)
Net (gains) losses on designated derivative financial instruments reclassified to net income	**3**	1	**9**	(2)
	50	11	**109**	(99)
Share in the other comprehensive income of associates and joint ventures	**–**	–	**–**	1
Items that will not be subsequently reclassified to net income				
Remeasurements of pension plans and other post-employment benefit plans	**10**	38	**170**	86
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**3**	1	**24**	–
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**6**	(10)	**(5)**	(16)
	19	29	**189**	70
	71	22	**324**	(26)

Consolidated Statements of Changes in Equity

(unaudited) (millions of Canadian dollars)

	Year ended October 31	
	2021	2020
Preferred shares and other equity instruments at beginning	2,950	2,450
Issuances of preferred shares and other equity instruments	500	500
Redemption of preferred shares and other equity instruments for cancellation	(800)	–
Preferred shares and other equity instruments at end	2,650	2,950
Common shares at beginning	3,057	2,949
Issuances of common shares pursuant to the Stock Option Plan	104	111
Repurchases of common shares for cancellation	–	(5)
Impact of shares purchased or sold for trading	(1)	2
Common shares at end	3,160	3,057
Contributed surplus at beginning	47	51
Stock option expense	11	9
Stock options exercised	(11)	(13)
Contributed surplus at end	47	47
Retained earnings at beginning	10,444	9,312
Net income attributable to the Bank's shareholders and holders of other equity instruments	3,177	2,041
Dividends on preferred shares and distributions on other equity instruments	(131)	(119)
Dividends on common shares	(958)	(953)
Premium paid on common shares repurchased for cancellation	–	(25)
Issuance expenses for shares and other equity instruments, net of income taxes	(4)	(5)
Remeasurements of pension plans and other post-employment benefit plans	475	238
Net gains (losses) on equity securities designated at fair value through other comprehensive income	64	(2)
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	(12)	(44)
Impact of a financial liability resulting from put options written to non-controlling interests	(25)	–
Other	(2)	1
Retained earnings at end	13,028	10,444
Accumulated other comprehensive income at beginning	(118)	16
Net foreign currency translation adjustments	(190)	53
Net change in unrealized gains (losses) on debt securities at fair value through other comprehensive income	(30)	87
Net change in gains (losses) on cash flow hedges	306	(277)
Share in the other comprehensive income of associates and joint ventures	–	3
Accumulated other comprehensive income at end	(32)	(118)
Equity attributable to the Bank's shareholders and holders of other equity instruments	18,853	16,380
Non-controlling interests at beginning	3	358
Non-controlling interest from the Flinks Technology Inc. acquisition	3	–
Purchase of the non-controlling interest of the Credigy Ltd. subsidiary	10	–
Redemption of trust units issued by NBC Asset Trust	–	(350)
Net income attributable to non-controlling interests	–	42
Other comprehensive income attributable to non-controlling interests	(13)	12
Distributions to non-controlling interests	–	(59)
Non-controlling interests at end	3	3
Equity	18,856	16,383

Accumulated Other Comprehensive Income

	As at October 31, 2021	As at October 31, 2020
Accumulated other comprehensive income		
Net foreign currency translation adjustments	(129)	61
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	71	101
Net gains (losses) on instruments designated as cash flow hedges	23	(283)
Share in the other comprehensive income of associates and joint ventures	3	3
	(32)	(118)

Segment Disclosures

(unaudited) (millions of Canadian dollars)

The Bank carries out its activities in four business segments, which are defined below. For presentation purposes, other activities are grouped in the *Other* heading. Each reportable segment is distinguished by services offered, type of clientele, and marketing strategy.

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
The *Other* heading reports on Treasury operations, liquidity management, Bank funding, asset and liability management, the activities of the Flinks subsidiary, certain specified items, and the unallocated portion of corporate units.

Results by Business Segment

Quarter ended October 31[1]

	Personal and Commercial		Wealth Management		Financial Markets		USSF&I		Other		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Net interest income[2]	**661**	627	**115**	107	**281**	269	**241**	222	**(108)**	(101)	**1,190**	1,124
Non-interest income[2][3]	**284**	254	**447**	360	**201**	226	**1**	10	**88**	26	**1,021**	876
Total revenues	**945**	881	**562**	467	**482**	495	**242**	232	**(20)**	(75)	**2,211**	2,000
Non-interest expenses[4]	**503**	476	**337**	284	**206**	185	**76**	80	**136**	234	**1,258**	1,259
Income before provisions for credit losses and income taxes	**442**	405	**225**	183	**276**	310	**166**	152	**(156)**	(309)	**953**	741
Provisions for credit losses	**(38)**	67	**1**	1	**(7)**	27	**3**	17	**–**	(2)	**(41)**	110
Income before income taxes (recovery)	**480**	338	**224**	182	**283**	283	**163**	135	**(156)**	(307)	**994**	631
Income taxes (recovery)[2]	**127**	89	**59**	48	**75**	75	**34**	29	**(77)**	(102)	**218**	139
Net income	**353**	249	**165**	134	**208**	208	**129**	106	**(79)**	(205)	**776**	492
Non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	11	**–**	(9)	**–**	2
Net income attributable to the Bank's shareholders and holders of other equity instruments	**353**	249	**165**	134	**208**	208	**129**	95	**(79)**	(196)	**776**	490
Average assets	**134,335**	119,504	**7,699**	6,024	**151,047**	132,067	**17,143**	15,272	**61,533**	65,544	**371,757**	338,411

Year ended October 31[1]

	Personal and Commercial		Wealth Management		Financial Markets		USSF&I		Other		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Net interest income[5]	**2,583**	2,445	**448**	442	**1,226**	946	**907**	807	**(381)**	(385)	**4,783**	4,255
Non-interest income[3][5]	**1,103**	1,012	**1,721**	1,417	**920**	1,108	**94**	13	**306**	122	**4,144**	3,672
Total revenues	**3,686**	3,457	**2,169**	1,859	**2,146**	2,054	**1,001**	820	**(75)**	(263)	**8,927**	7,927
Non-interest expenses[4]	**1,958**	1,892	**1,277**	1,125	**880**	812	**315**	319	**423**	397	**4,853**	4,545
Income before provisions for credit losses and income taxes	**1,728**	1,565	**892**	734	**1,266**	1,242	**686**	501	**(498)**	(660)	**4,074**	3,382
Provisions for credit losses	**6**	517	**1**	7	**10**	239	**(15)**	80	**–**	3	**2**	846
Income before income taxes (recovery)	**1,722**	1,048	**891**	727	**1,256**	1,003	**701**	421	**(498)**	(663)	**4,072**	2,536
Income taxes (recovery)[5]	**456**	278	**236**	192	**333**	265	**146**	69	**(276)**	(351)	**895**	453
Net income	**1,266**	770	**655**	535	**923**	738	**555**	352	**(222)**	(312)	**3,177**	2,083
Non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	34	**–**	8	**–**	42
Net income attributable to the Bank's shareholders and holders of other equity instruments	**1,266**	770	**655**	535	**923**	738	**555**	318	**(222)**	(320)	**3,177**	2,041
Average assets	**127,716**	117,338	**7,146**	5,917	**150,147**	123,943	**16,150**	14,336	**62,503**	56,665	**363,662**	318,199

(1) For the quarter and year ended October 31, 2020, certain amounts have been reclassified.

(2) The *Net interest income, Non-interest income* and *Income taxes (recovery)* items of the business segments are presented on a taxable equivalent basis. Taxable equivalent basis is a calculation method that consists in grossing up certain tax-exempt income by the amount of income tax that would have otherwise been payable. For the business segments as a whole, *Net interest income* was grossed up by $39 million ($46 million in 2020), *Non-interest income* was grossed up by $2 million ($3 million in 2020), and an equivalent amount was recognized in *Income taxes (recovery)*. The effect of these adjustments is reversed under the *Other* heading.

(3) For the quarter and the year ended October 31, 2021, the *Non-interest income* item of the *Other* heading of segment results included a $33 million gain on the remeasurement of the previously held equity interest in Flinks and a $30 million loss related to the fair value measurement of the Bank's equity interest in AfrAsia. For the quarter and year ended October 31, 2020, for the *Other* heading of segment results, the *Non-interest income* item had included a foreign currency translation loss of $24 million following a disposal, through subsidiary Credigy Ltd., of two subsidiaries in Brazil.

(4) For the quarter and year ended October 31, 2021, the *Non-interest expenses* item of the *Other* heading of segment results included $9 million in impairment losses on intangible assets related to technology developments. For the quarter and year ended October 31, 2020, the *Non-interest expenses* item of the *Other* heading of segment results had included $71 million in impairment losses on premises and equipment and on intangible assets related to computer equipment and technology developments and $48 million in severance pay. For the year ended October 31, 2020 the *Non-interest expenses* item had also included a $13 million charge related to Maple.

(5) For the year ended October 31, 2021, *Net interest income* was grossed up by $181 million ($208 million in 2020), *Non-interest income* was grossed up by $8 million ($57 million in 2020), and an equivalent amount was recognized in *Income taxes (recovery)*. The effect of these adjustments has been reversed under the *Other* heading.

Caution Regarding Forward-Looking Statements

From time to time, the Bank makes written forward-looking statements such as those contained in this document, in other filings with Canadian securities regulators, and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made in accordance with applicable securities legislation in Canada and the United States. Forward-looking statements in this document may include, but are not limited to, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, the Bank's objectives, outlook and priorities for fiscal year 2022 and beyond, the strategies or actions that will be taken to achieve them, expectations for the Bank's financial condition, the regulatory environment in which it operates, the potential impacts of—and the Bank's response to—the COVID-19 pandemic, and certain risks it faces. These forward-looking statements are typically identified by verbs or words such as "outlook", "believe", "foresee", "forecast", "anticipate", "estimate", "project", "expect", "intend" and "plan", in their future or conditional forms, notably verbs such as "will", "may", "should", "could" or "would" as well as similar terms and expressions. Such forward-looking statements are made for the purpose of assisting the holders of the Bank's securities in understanding the Bank's financial position and results of operations as at and for the periods ended on the dates presented, as well as the Bank's vision, strategic objectives and its financial performance targets, and may not be appropriate for other purposes.

By their very nature, these forward-looking statements require assumptions to be made and involve inherent risks and uncertainties, both general and specific. Assumptions about the performance of the Canadian and U.S. economies in 2022, including in the context of the COVID-19 pandemic, and how that will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives, notably provisions for credit losses. In determining its expectations for economic conditions, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the governments of Canada, the United States and certain other countries in which the Bank conducts business, as well as their agencies.

There is a strong possibility that the Bank's express or implied predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that its assumptions may not be confirmed and that its vision, strategic objectives and financial performance targets will not be achieved. The Bank recommends that readers not place undue reliance on forward-looking statements, as a number of factors, many of which are beyond the Bank's control, including the impacts of the COVID-19 pandemic, could cause actual results to differ significantly from the expectations, estimates or intentions expressed in these forward-looking statements. These risk factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, environmental and social risk, and certain emerging risks or risks deemed significant, all of which are described in greater detail in the Risk Management section beginning on page 69 of the *2021 Annual Report.* These risk factors also include, among others, the general economic environment and financial market conditions in Canada, the United States, and other countries where the Bank operates; exchange rate and interest rate fluctuations; higher funding costs and greater market volatility; changes made to fiscal, monetary and other public policies; changes made to regulations that affect the Bank's business; geopolitical and sociopolitical uncertainty; the transition to a low-carbon economy and the Bank's ability to satisfy stakeholder expectations on environmental and social issues; significant changes in consumer behaviour; the housing situation, real estate market, and household indebtedness in Canada; the Bank's ability to achieve its long-term strategies and key short-term priorities; the timely development and launch of new products and services; the Bank's ability to recruit and retain key personnel; technological innovation and heightened competition from established companies and from competitors offering non-traditional services; changes in the performance and creditworthiness of the Bank's clients and counterparties; the Bank's exposure to significant regulatory matters or litigation; changes made to the accounting policies used by the Bank to report financial information, including the uncertainty inherent to assumptions and critical accounting estimates; changes to tax legislation in the countries where the Bank operates, i.e., primarily Canada and the United States; changes made to capital and liquidity guidelines as well as to the presentation and interpretation thereof; changes to the credit ratings assigned to the Bank; potential disruption to key suppliers of goods and services to the Bank; potential disruptions to the Bank's information technology systems, including evolving cyberattack risk as well as identity theft and theft of personal information; and possible impacts of major events affecting the local and global economies, including international conflicts, natural disasters, and public health crises such as the COVID-19 pandemic. The foregoing list of risk factors is not exhaustive. Additional information about these risk factors is provided in the Risk Management section and in the COVID-19 Pandemic section of the *2021 Annual Report* and may be updated in the quarterly shareholders' reports subsequently published. Investors and others who rely on the Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risks 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.

Information for Shareholders and Investors

Disclosure of Fourth Quarter 2021 Results

Conference Call

- A conference call for analysts and institutional investors will be held on Wednesday, December 1, 2021 at 1:00 p.m. EST.
- Access by telephone in listen-only mode: 1-800-898-3989 or 416-406-0743. The access code is 1995846#.
- A recording of the conference call can be heard until December 29, 2021 by dialing 1-800-408-3053 or 905-694-9451. The access code is 1381684#.

Webcast

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

Financial Documents

- The *Press Release* (which includes the quarterly consolidated financial statements) is available at all times on National Bank's website at nbc.ca/investorrelations.
- The *Press Release*, the *Supplementary Financial Information*, the *Supplementary Regulatory Capital and Pillar 3 Disclosure*, and a slide presentation will be available on the Investor Relations page of National Bank's website on the morning of the day of the conference call.
- The *2021 Annual Report* (which includes the audited annual consolidated financial statements and management's discussion and analysis) will also be available on National Bank's website.
- The *Report to Shareholders* for the first quarter ended January 31, 2022 will be available on February 25, 2022 (subject to approval by the Bank's Board of Directors).

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