

National Bank reports its results for the Second Quarter of 2023 and raises its quarterly dividend by 5 cents to \$1.02 per share

The financial information reported in this document is based on the unaudited interim condensed consolidated financial statements for the quarter and six-month period ended April 30, 2023 and is prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated. IFRS represent Canadian generally accepted accounting principles (GAAP). All amounts are presented in Canadian dollars.

MONTREAL, May 31, 2023 – For the second quarter of 2023, National Bank is reporting net income of \$847 million, down 5% from \$889 million in the second quarter of 2022. Second-quarter diluted earnings per share stood at \$2.38 compared to \$2.53 in the second quarter of 2022. Revenue growth across the business segments was offset by higher non-interest expenses and higher provisions for credit losses.

For the six month-period ended April 30, 2023, the Bank's net income totalled \$1,728 million, down 5% from \$1,819 million in the same period of 2022. First-half diluted earnings per share stood at \$4.87 compared to \$5.17 in the same period of 2022. Good performance across all of the business segments, driven by revenue growth, was offset by higher provisions for credit losses recorded to reflect a less favourable macroeconomic outlook as well as by an impact on tax expense arising from the Canadian government's 2022 tax measures.

For the six-month period ended April 30, 2023, adjusted net income⁽¹⁾ totalled \$1,752 million (excluding a \$24 million tax expense related to the Canadian government's 2022 tax measures), down 4% from \$1,819 million in the same period of 2022, while first-half adjusted diluted earnings per share⁽¹⁾ stood at \$4.94 versus \$5.17 in the first half of 2022.

"The Bank delivered solid second-quarter results and an industry-leading ROE amidst a challenging environment, underscoring its core strength, discipline and resiliency," said Laurent Ferreira, President and Chief Executive Officer of National Bank of Canada. He added that "Our defensive posture with strong capital and liquidity positions and prudent levels of allowances for credit losses will continue to support profitable growth and help us navigate the uncertainty that may lie ahead."

Highlights

(millions of Canadian dollars)	Quarter ended April 30			Six months ended April 30		
	2023	2022 ⁽²⁾	% Change	2023	2022 ⁽²⁾	% Change
Net income	847	889	(5)	1,728	1,819	(5)
Diluted earnings per share (<i>dollars</i>)	\$ 2.38	\$ 2.53	(6)	\$ 4.87	\$ 5.17	(6)
Return on common shareholders' equity ⁽³⁾	17.5 %	20.7 %		17.7 %	21.3 %	
Dividend payout ratio ⁽³⁾	40.2 %	32.2 %		40.2 %	32.2 %	
Operating results – Adjusted⁽¹⁾						
Net income – Adjusted	847	889	(5)	1,752	1,819	(4)
Diluted earnings per share – Adjusted (<i>dollars</i>)	\$ 2.38	\$ 2.53	(6)	\$ 4.94	\$ 5.17	(4)
Return on common shareholders' equity – Adjusted ⁽⁴⁾	17.5 %	20.7 %		17.9 %	21.3 %	
Dividend payout ratio – Adjusted ⁽⁴⁾	39.9 %	32.1 %		39.9 %	32.1 %	
				As at April 30, 2023	As at October 31, 2022	
CET1 capital ratio under Basel III ⁽⁵⁾				13.3 %	12.7 %	
Leverage ratio under Basel III ⁽⁵⁾				4.2 %	4.5 %	

(1) See the Financial Reporting Method section on pages 3 to 5 for additional information on non-GAAP financial measures.

(2) For the quarter and six-month period ended April 30, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

(3) For details on the composition of these measures, see the Glossary section on pages 49 to 52 in the *Report to Shareholders – Second Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

(4) For additional information on non-GAAP ratios, see the Financial Reporting Method section on pages 4 to 9 in the *Report to Shareholders – Second Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

(5) For additional information on capital management measures, see the Financial Reporting Method section on pages 4 to 9 in the *Report to Shareholders – Second Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Personal and Commercial

- Net income totalled \$335 million in the second quarter of 2023 versus \$293 million in the second quarter of 2022, for an increase of 14% that was driven by growth in total revenues, tempered by higher non-interest expenses and higher provisions for credit losses.
- Income before provisions for credit losses and income taxes totalled \$499 million in the second quarter of 2023, up 22% from \$410 million in the second quarter of 2022.
- At \$1,100 million, second-quarter total revenues rose \$138 million or 14% year over year due to an increase in net interest income (driven by growth in loan and deposit volumes), to a higher net interest margin, and to an increase in non-interest income.
- Compared to a year ago, personal lending grew 4% and commercial lending grew 13%.
- The net interest margin⁽¹⁾ stood at 2.34% in the second quarter of 2023, up from 2.10% in the second quarter of 2022.
- Second-quarter non-interest expenses stood at \$601 million, up 9% from the second quarter of 2022.
- Second-quarter provisions for credit losses rose \$26 million from second-quarter 2022, mainly due to higher allowances for credit losses on non-impaired loans and on impaired loans.
- At 54.6%, the second-quarter efficiency ratio⁽¹⁾ improved from 57.4% in the second quarter of 2022.

Wealth Management

- Net income totalled \$178 million in the second quarter of 2023, a 9% increase from \$163 million in the second quarter of 2022.
- Second-quarter total revenues amounted to \$617 million compared to \$579 million in second-quarter 2022, a \$38 million or 7% increase driven by growth in net interest income.
- Second-quarter non-interest expenses stood at \$372 million, up 4% from \$357 million in second-quarter 2022.
- At 60.3%, the second-quarter efficiency ratio⁽¹⁾ improved from 61.7% in the second quarter of 2022.

Financial Markets

- Net income totalled \$268 million in the second quarter of 2023, down 7% from \$287 million in the second quarter of 2022.
- Second-quarter total revenues on a taxable equivalent basis amounted to \$672 million, a \$40 million or 6% year-over-year increase driven by growth in corporate and investment banking revenues.
- Second-quarter non-interest expenses stood at \$283 million compared to \$258 million in second-quarter 2022, an increase that was partly attributable to compensation and employee benefits as well as to operations support charges.
- Provisions for credit losses of \$19 million were recorded in the second quarter of 2023 compared to credit loss recoveries of \$16 million recorded in the second quarter of 2022.
- At 42.1%, the second-quarter efficiency ratio⁽¹⁾ on a taxable equivalent basis compares to 40.8% in the second quarter of 2022.

U.S. Specialty Finance and International

- Net income totalled \$128 million in the second quarter of 2023 compared to \$152 million in the second quarter of 2022, as a stable amount of total revenues was more than offset by higher non-interest expenses and higher provisions for credit losses.
- At \$285 million, second-quarter total revenues remained stable compared to second-quarter 2022, as lower revenues at the Credigy subsidiary were offset by higher revenues at the ABA Bank subsidiary.
- Second-quarter non-interest expenses stood at \$98 million, an 11% year-over-year increase attributable to business growth at ABA Bank.
- Second-quarter provisions for credit losses were up \$17 million year over year, with the increase being attributable to Credigy.
- At 34.4%, the second-quarter efficiency ratio⁽¹⁾ compares to 30.9% in the second quarter of 2022.

Other

- There was a net loss of \$62 million in the second quarter of 2023 versus a net loss of \$6 million in the second quarter of 2022, a change arising mainly from a decrease in total revenues, as higher gains on investments had been recorded in the second quarter of 2022.

Capital Management

- As at April 30, 2023, the Common Equity Tier 1 (CET1) capital ratio under Basel III⁽²⁾ stood at 13.3%, up from 12.7% as at October 31, 2022, notably due to the positive impact of implementing the Basel III reforms.
- As at April 30, 2023, the Basel III⁽²⁾ leverage ratio was 4.2%, down from 4.5% as at October 31, 2022.

Dividends

- On May 30, 2023, the Board of Directors declared regular dividends on the various series of first preferred shares and a dividend of \$1.02 per common share, up 5 cents per common share or 5%, payable on August 1, 2023, to shareholders of record on June 26, 2023.

(1) For details on the composition of these measures, see the Glossary section on pages 49 to 52 in the *Report to Shareholders – Second Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

(2) For additional information on capital management measures, see the Financial Reporting Method section on pages 4 to 9 in the *Report to Shareholders – Second Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Financial Reporting Method

The Bank's consolidated financial statements are prepared in accordance with IFRS, as issued by the IASB. The financial statements also comply with section 308(4) of the *Bank Act* (Canada), which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions (Canada) (OSFI), the consolidated financial statements are to be prepared in accordance with IFRS, which represent Canadian GAAP. None of the OSFI accounting requirements are exceptions to IFRS.

The presentation of segment disclosures is consistent with the presentation adopted by the Bank for the fiscal year beginning November 1, 2022. This presentation reflects a revision to the method used for the sectoral allocation of technology investment expenses, which are now immediately allocated to the various business segments, whereas certain expenses, notably costs incurred during the research phase of projects, had previously been recorded in the *Other* heading of segment results. This revision is consistent with the accounting policy change applied in fiscal 2022 related to cloud computing arrangements. For the quarter and six-month period ended April 30, 2022, certain amounts have been adjusted to reflect this accounting policy change. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Non-GAAP and Other Financial Measures

The Bank uses a number of financial measures when assessing its results and measuring overall performance. Some of these financial measures are not calculated in accordance with GAAP. *Regulation 52-112 Respecting Non-GAAP and Other Financial Measures Disclosure* (Regulation 52-112) prescribes disclosure requirements that apply to the following measures used by the Bank:

- non-GAAP financial measures;
- non-GAAP ratios;
- supplementary financial measures;
- capital management measures.

Non-GAAP Financial Measures

The Bank uses non-GAAP financial measures that do not have standardized meanings under GAAP and that therefore may not be comparable to similar measures used by other companies. Presenting non-GAAP financial measures helps readers to better understand how management analyzes results, shows the impacts of specified items on the results of the reported periods, and allows readers to better assess results without the specified items if they consider such items not to be reflective of the underlying performance of the Bank's operations. In addition, like many other financial institutions, the Bank uses the taxable equivalent basis to calculate net interest income, non-interest income, and income taxes. This calculation method consists of grossing up certain revenues taxed at lower rates (notably dividends) by the income tax to a level that would make it comparable to revenues from taxable sources in Canada. An equivalent amount is added to income taxes. This adjustment is necessary in order to perform a uniform comparison of the return on different assets regardless of their tax treatment.

The key non-GAAP financial measures used by the Bank to analyze its results are described below, and a quantitative reconciliation of these measures is presented in the tables in the Reconciliation of Non-GAAP Financial Measures section on pages 4 and 5. It should be noted that, for the six-month period ended April 30, 2023, a \$24 million tax expense related to the Canadian government's 2022 tax measures has been excluded from results. This amount consists of a \$32 million tax expense with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above \$1 billion as well as an \$8 million tax recovery related to a 1.5% increase in the statutory tax rate, which includes the impact related to current and deferred taxes for fiscal 2022. No specified items had been excluded from results for the quarter and six-month period ended April 30, 2022.

For additional information on non-GAAP financial measures, non-GAAP ratios, supplementary financial measures, and capital management measures, see the Financial Reporting Method section and the Glossary section, on pages 4 to 9 and 49 to 52, respectively, of the MD&A in the *Report to shareholders for the Second quarter of 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Reconciliation of Non-GAAP Financial Measures

Presentation of Results – Adjusted

(millions of Canadian dollars)

Quarter ended April 30

						2023	2022 ⁽¹⁾
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Net interest income	802	190	(286)	269	(93)	882	1,313
Taxable equivalent	–	–	74	–	2	76	49
Net interest income – Adjusted	802	190	(212)	269	(91)	958	1,362
Non-interest income	298	427	828	16	28	1,597	1,126
Taxable equivalent	–	–	56	–	–	56	3
Non-interest income – Adjusted	298	427	884	16	28	1,653	1,129
Total revenues – Adjusted	1,100	617	672	285	(63)	2,611	2,491
Non-interest expenses	601	372	283	98	20	1,374	1,299
Income before provisions for credit losses and income taxes – Adjusted	499	245	389	187	(83)	1,237	1,192
Provisions for credit losses	37	–	19	26	3	85	3
Income before income taxes – Adjusted	462	245	370	161	(86)	1,152	1,189
Income taxes	127	67	(28)	33	(26)	173	248
Taxable equivalent	–	–	130	–	2	132	52
Income taxes – Adjusted	127	67	102	33	(24)	305	300
Net income	335	178	268	128	(62)	847	889
Non-controlling interests	–	–	–	–	(1)	(1)	(1)
Net income attributable to the Bank's shareholders and holders of other equity instruments – Adjusted	335	178	268	128	(61)	848	890
Dividends on preferred shares and distributions on limited recourse capital notes						35	25
Net income attributable to common shareholders						813	865

(1) For the quarter ended April 30, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

(millions of Canadian dollars)

Six months ended April 30

	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	2023	2022 ⁽¹⁾
						Total	Total
Net interest income	1,627	398	(454)	568	(158)	1,981	2,645
Taxable equivalent	–	–	151	–	3	154	109
Net interest income – Adjusted	1,627	398	(303)	568	(155)	2,135	2,754
Non-interest income	597	856	1,556	36	35	3,080	2,260
Taxable equivalent	–	–	108	–	–	108	7
Non-interest income – Adjusted	597	856	1,664	36	35	3,188	2,267
Total revenues – Adjusted	2,224	1,254	1,361	604	(120)	5,323	5,021
Non-interest expenses	1,207	736	570	196	68	2,777	2,579
Income before provisions for credit losses and income taxes – Adjusted	1,017	518	791	408	(188)	2,546	2,442
Provisions for credit losses	98	–	10	61	2	171	1
Income before income taxes – Adjusted	919	518	781	347	(190)	2,375	2,441
Income taxes	253	142	(44)	72	(38)	385	506
Taxable equivalent	–	–	259	–	3	262	116
Income taxes related to the Canadian government's 2022 tax measures ⁽²⁾	–	–	–	–	(24)	(24)	–
Income taxes – Adjusted	253	142	215	72	(59)	623	622
Net income – Adjusted	666	376	566	275	(131)	1,752	1,819
Specified items after income taxes	–	–	–	–	(24)	(24)	–
Net income	666	376	566	275	(155)	1,728	1,819
Non-controlling interests	–	–	–	–	(1)	(1)	(1)
Net income attributable to the Bank's shareholders and holders of other equity instruments	666	376	566	275	(154)	1,729	1,820
Net income attributable to the Bank's shareholders and holders of other equity instruments – Adjusted	666	376	566	275	(130)	1,753	1,820
Dividends on preferred shares and distributions on limited recourse capital notes						70	51
Net income attributable to common shareholders – Adjusted						1,683	1,769

- (1) For the six-month period ended April 30, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.
- (2) During the six-month period ended April 30, 2023, the Bank recorded a \$32 million tax expense with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above \$1 billion, as well as an \$8 million tax recovery related to the 1.5% increase in the statutory tax rate, which includes the impact related to current and deferred taxes for fiscal 2022. For additional information on these tax measures, see the Income Taxes section on page 22 in the *Report to Shareholders – Second Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Presentation of Basic and Diluted Earnings Per Share – Adjusted

(Canadian dollars)

	Quarter ended April 30		Six months ended April 30	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Basic earnings per share	\$ 2.41	\$ 2.56	\$ 4.92	\$ 5.24
Income taxes related to the Canadian government's 2022 tax measures ⁽²⁾	–	–	0.07	–
Basic earnings per share – Adjusted	\$ 2.41	\$ 2.56	\$ 4.99	\$ 5.24
Diluted earnings per share	\$ 2.38	\$ 2.53	\$ 4.87	\$ 5.17
Income taxes related to the Canadian government's 2022 tax measures ⁽²⁾	–	–	0.07	–
Diluted earnings per share – Adjusted	\$ 2.38	\$ 2.53	\$ 4.94	\$ 5.17

- (1) For the quarter and six-month period ended April 30, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.
- (2) During the six-month period ended April 30, 2023, the Bank recorded a \$32 million tax expense with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above \$1 billion, as well as an \$8 million tax recovery related to the 1.5% increase in the statutory tax rate, which includes the impact related to current and deferred taxes for fiscal 2022. For additional information on these tax measures, see the Income Taxes section on page 22 in the *Report to Shareholders – Second Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Highlights

(millions of Canadian dollars, except per share amounts)

	Quarter ended April 30			Six months ended April 30		
	2023	2022 ⁽¹⁾	% Change	2023	2022 ⁽¹⁾	% Change
Operating results						
Total revenues	2,479	2,439	2	5,061	4,905	3
Income before provisions for credit losses and income taxes	1,105	1,140	(3)	2,284	2,326	(2)
Net income	847	889	(5)	1,728	1,819	(5)
Return on common shareholders' equity ⁽²⁾	17.5 %	20.7 %		17.7 %	21.3 %	
Earnings per share						
Basic	\$ 2.41	\$ 2.56	(6)	\$ 4.92	\$ 5.24	(6)
Diluted	\$ 2.38	\$ 2.53	(6)	\$ 4.87	\$ 5.17	(6)
Operating results – Adjusted⁽³⁾						
Total revenues – Adjusted ⁽³⁾	2,611	2,491	5	5,323	5,021	6
Income before provisions for credit losses and income taxes – Adjusted ⁽³⁾	1,237	1,192	4	2,546	2,442	4
Net income – Adjusted ⁽³⁾	847	889	(5)	1,752	1,819	(4)
Return on common shareholders' equity – Adjusted ⁽⁴⁾	17.5 %	20.7 %		17.9 %	21.3 %	
Operating leverage – Adjusted ⁽⁴⁾	(1.0) %	2.5 %		(1.7) %	3.0 %	
Efficiency ratio – Adjusted ⁽⁴⁾	52.6 %	52.1 %		52.2 %	51.4 %	
Earnings per share – Adjusted⁽³⁾						
Basic	\$ 2.41	\$ 2.56	(6)	\$ 4.99	\$ 5.24	(5)
Diluted	\$ 2.38	\$ 2.53	(6)	\$ 4.94	\$ 5.17	(4)
Common share information						
Dividends declared	\$ 0.97	\$ 0.87	11	\$ 1.94	\$ 1.74	11
Book value ⁽²⁾	\$ 57.65	\$ 52.28		\$ 57.65	\$ 52.28	
Share price						
High	\$ 103.45	\$ 104.59		\$ 103.45	\$ 105.44	
Low	\$ 92.67	\$ 89.33		\$ 91.02	\$ 89.33	
Close	\$ 101.03	\$ 89.72		\$ 101.03	\$ 89.72	
Number of common shares (<i>thousands</i>)	337,720	336,513		337,720	336,513	
Market capitalization	34,120	30,192		34,120	30,192	

(millions of Canadian dollars)	As at April 30, 2023	As at October 31, 2022	% Change
Balance sheet and off-balance-sheet			
Total assets	417,684	403,740	3
Loans and acceptances, net of allowances	215,764	206,744	4
Deposits	281,514	266,394	6
Equity attributable to common shareholders	19,470	18,594	5
Assets under administration ⁽²⁾	673,483	616,165	9
Assets under management ⁽²⁾	123,029	112,346	10
Regulatory ratios under Basel III⁽⁵⁾			
Capital ratios			
Common Equity Tier 1 (CET1)	13.3 %	12.7 %	
Tier 1	16.0 %	15.4 %	
Total	16.9 %	16.9 %	
Leverage ratio			
TLAC ratio ⁽⁵⁾	29.3 %	27.7 %	
TLAC leverage ratio ⁽⁵⁾	7.8 %	8.1 %	
Liquidity coverage ratio (LCR)⁽⁵⁾			
Liquidity coverage ratio (LCR) ⁽⁵⁾	155 %	140 %	
Net stable funding ratio (NSFR)⁽⁵⁾			
Net stable funding ratio (NSFR) ⁽⁵⁾	118 %	117 %	
Other information			
Number of employees – Worldwide (full-time equivalent)	28,170	27,103	4
Number of branches in Canada	374	378	(1)
Number of banking machines in Canada	940	939	–

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- (2) For details on the composition of these measures, see the Glossary section on pages 49 to 52 in the *Report to Shareholders – Second Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.
- (3) See the Financial Reporting Method section on pages 3 to 5 for additional information on non-GAAP financial measures.
- (4) For additional information on non-GAAP ratios, see the Financial Reporting Method section on pages 4 to 9 in the *Report to Shareholders – Second Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.
- (5) For additional information on capital management measures, see the Financial Reporting Method section on pages 4 to 9 in the *Report to Shareholders – Second Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Caution Regarding Forward-Looking Statements

Certain statements in this document are forward-looking statements. All such statements are made in accordance with applicable securities legislation in Canada and the United States. Forward-looking statements in this document may include, but are not limited to, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, the Bank's objectives, outlook and priorities for fiscal year 2023 and beyond, the strategies or actions that will be taken to achieve them, expectations for the Bank's financial condition, the regulatory environment in which it operates, the impacts of—and the Bank's response to—the COVID-19 pandemic, and certain risks it faces. These forward-looking statements are typically identified by verbs or words such as “outlook”, “believe”, “foresee”, “forecast”, “anticipate”, “estimate”, “project”, “expect”, “intend” and “plan”, in their future or conditional forms, notably verbs such as “will”, “may”, “should”, “could” or “would” as well as similar terms and expressions. Such forward-looking statements are made for the purpose of assisting the holders of the Bank's securities in understanding the Bank's financial position and results of operations as at and for the periods ended on the dates presented, as well as the Bank's vision, strategic objectives, and financial performance targets, and may not be appropriate for other purposes. These forward-looking statements are based on current expectations, estimates, assumptions and intentions and are subject to uncertainty and inherent risks, many of which are beyond the Bank's control.

Assumptions about the performance of the Canadian and U.S. economies in 2023 and how that performance will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives, including provisions for credit losses. In determining its expectations for economic conditions, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the governments of Canada, the United States and certain other countries in which the Bank conducts business, as well as their agencies.

Statements about the economy, market changes, and the Bank's objectives, outlook and priorities for fiscal 2023 and thereafter are based on a number of assumptions and are subject to risk factors, many of which are beyond the Bank's control and the impacts of which are difficult to predict. These risk factors include, among others, the general economic environment and financial market conditions in Canada, the United States, and other countries where the Bank operates; the impact of upheavals in the U.S. banking industry; exchange rate and interest rate fluctuations; inflation; disruptions in global supply chains; higher funding costs and greater market volatility; changes made to fiscal, monetary, and other public policies; changes made to regulations that affect the Bank's business; geopolitical and sociopolitical uncertainty; the transition to a low-carbon economy and the Bank's ability to satisfy stakeholder expectations on environmental and social issues; significant changes in consumer behaviour; the housing situation, real estate market, and household indebtedness in Canada; the Bank's ability to achieve its long-term strategies and key short-term priorities; the timely development and launch of new products and services; the Bank's ability to recruit and retain key personnel; technological innovation and heightened competition from established companies and from competitors offering non-traditional services; changes in the performance and creditworthiness of the Bank's clients and counterparties; the Bank's exposure to significant regulatory matters or litigation; changes made to the accounting policies used by the Bank to report financial information, including the uncertainty inherent to assumptions and critical accounting estimates; changes to tax legislation in the countries where the Bank operates, i.e., primarily Canada and the United States; changes made to capital and liquidity guidelines as well as to the presentation and interpretation thereof; changes to the credit ratings assigned to the Bank; potential disruptions to key suppliers of goods and services to the Bank; potential disruptions to the Bank's information technology systems, including evolving cyberattack risk as well as identity theft and theft of personal information; the risk of fraudulent activity; and possible impacts of major events affecting the local and global economies, including international conflicts, natural disasters, and public health crises such as the COVID-19 pandemic, the evolution of which is difficult to predict and could continue to have repercussions on the Bank.

There is a strong possibility that the Bank's express or implied predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that its assumptions may not be confirmed and that its vision, strategic objectives and financial performance targets will not be achieved. The Bank recommends that readers not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ significantly from the expectations, estimates or intentions expressed in these forward-looking statements. These risk factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, environmental and social risk, and certain emerging risks or risks deemed significant, all of which are described in greater detail in the Risk Management section beginning on page 65 of the *2022 Annual Report*.

The foregoing list of risk factors is not exhaustive. Additional information about these risk factors is provided in the Risk Management section of the *2022 Annual Report* and the Risk Management section of the *Report to Shareholders* for the Second Quarter of 2023. Investors and others who rely on the Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf. The Bank cautions investors that these forward-looking statements are not guarantees of future performance and that actual events or results may differ significantly from these statements due to a number of factors.

Disclosure of the Second Quarter 2023 results

Conference Call

- A conference call for analysts and institutional investors will be held on Wednesday, May 31, 2023 at 1:00 p.m. EST.
- Access by telephone in listen-only mode: 1-800-806-5484 or 416-340-2217. The access code is 9583004#.
- A recording of the conference call can be heard until August 31, 2023 by dialing 1-800-408-3053 or 905-694-9451. The access code is 5604431#.

Webcast

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

Financial Documents

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

For more information:

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