

2025 ANNUAL REPORT



LAURENTIAN
BANK

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OUR PATH FORWARD

Founded in Montreal in 1846, Laurentian Bank is committed to serving its customers and fostering deep relationships with specialized groups.

Commercial specializations continue to be our core business and our growth engine, with a nationally-scaled lending platform. We maintain a disciplined approach in our business mix and continue to grow organically into those segments to drive scalability.

In Personal Banking, we combine digital capabilities with a network of advisors and brokers to offer personalized service to our customers.

Our Capital Markets division offers a focused and aligned suite of services to institutions and commercial customers, enabling us to develop and build deep relationships.

We run operations across Canada – primarily in Quebec and Ontario – as well as in the United States. We compete where we see market opportunity and have an edge, while harnessing the power of partnerships and collaboration.

By leveraging our strengths, our dedicated team remains focused on creating value for our shareholders, our customers and the communities we serve.

2025 FINANCIAL HIGHLIGHTS

TOTAL REVENUE (\$ millions)

2025	\$983.7
2024	\$1018.2
2023	\$1025.5

COMMON EQUITY TIER 1 CAPITAL RATIO As at October 31, 2025

11.3%

NET INCOME (\$ millions)

2025	\$139.9
2024	-\$5.5
2023	\$181.1

ADJUSTED NET INCOME^{1,4} (\$ millions)

2025	\$147.2
2024	\$168.7
2023	\$208.3

DILUTED EARNINGS PER SHARE

2025	\$2.84
2024	-\$0.41
2023	\$3.89

ADJUSTED DILUTED EARNINGS PER SHARE^{2,4}

2025	\$3.00
2024	\$3.57
2023	\$4.52

EFFICIENCY RATIO^{3,4}

2025	76.3%
2024	96.1%
2023	73.5%

ADJUSTED EFFICIENCY RATIO^{2,4}

2025	75.2%
2024	73.8%
2023	69.9%

RETURN ON COMMON SHAREHOLDERS' EQUITY^{2,4}

2025	4.9%
2024	-0.7%
2023	6.6%

ADJUSTED RETURN ON COMMON SHAREHOLDERS' EQUITY^{2,4}

2025	5.2%
2024	6.1%
2023	7.7%

TOTAL ASSETS As at October 31, 2025 (\$ billions)

\$50.1
6% Y/Y

TOTAL DEPOSITS As at October 31, 2025 (\$ billions)

\$24.0
4% Y/Y

¹ This is a non-GAAP financial measure.

² This is a non-GAAP ratio.

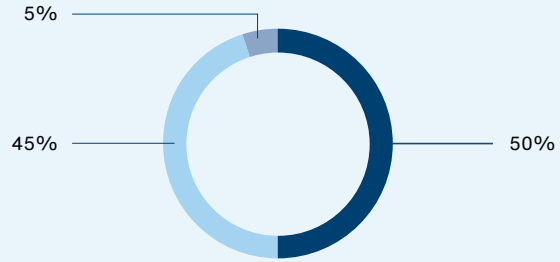
³ This is a supplementary financial measure.

⁴ For more information, refer to the Non-GAAP Financial and Other Measures section beginning on page 20 of the 2025 Annual Report, including the Management's Discussion and Analysis (MD&A) for the year ended October 31, 2025, which pages are incorporated by reference herein. The MD&A is available on SEDAR+ at [sedarplus.ca](https://www.sedarplus.ca).

LOAN PORTFOLIO MIX

A diversified portfolio including a high proportion of higher-margin commercial loans
As at October 31, 2025

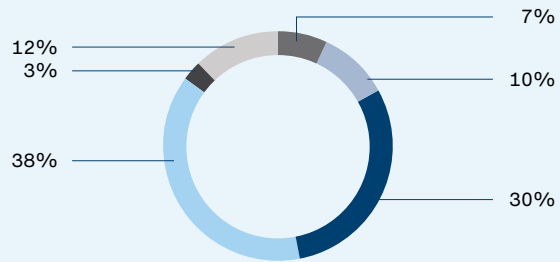
- Commercial loans
- Residential mortgage loans
- Personal loans



GEOGRAPHIC FOOTPRINT

Loans across Canada and the United States
As at October 31, 2025

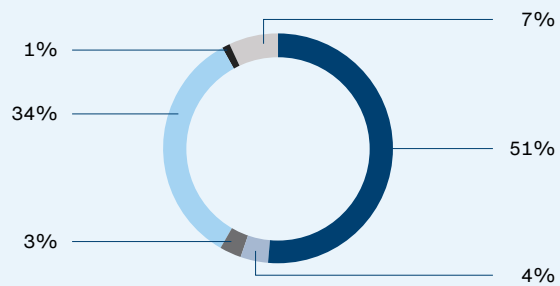
- British Columbia and Territories
- Alberta & Prairies
- Ontario
- Quebec
- Atlantic Provinces
- United States



MULTIPLE FUNDING SOURCES

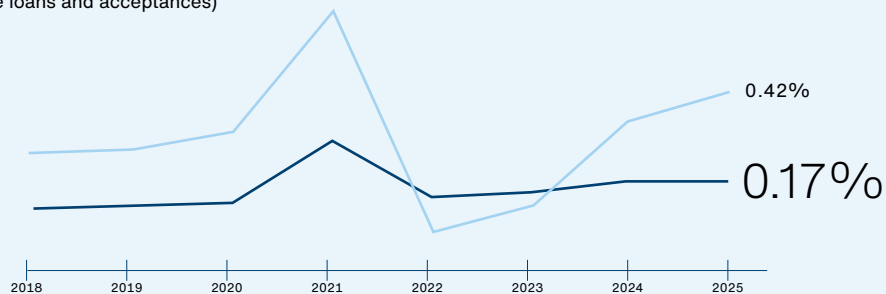
Well-diversified funding sources to support our growth
As at October 31, 2025

- Personal deposits
- Business deposits
- Wholesale deposits
- Debt related to securitization activities
- Subordinated debt
- Shareholders' equity



GOOD TRACK RECORD OF STRONG CREDIT QUALITY

Provision for credit losses¹
(as a % of average loans and acceptances)



- Major Canadian Banks²
- Laurentian Bank

¹ This is a supplementary financial measure.

² Based on the average of the 6 major Canadian banks for the year ended October 31, 2025.



Over the past year, Laurentian Bank has continued to advance its strategic transformation with focus, discipline and purpose. I am pleased to share my reflections on a year marked by meaningful progress toward building a stronger, more agile institution.

Laurentian Bank has demonstrated resilience through a period of considerable change in the financial services industry. Despite challenges in recent years, the Bank remains well-capitalized, maintains strong liquidity, and continues to uphold the values that define us – resilience, integrity, and service. In 2025, the Board of Directors provided active oversight and strategic guidance as the Bank accelerated its transformation agenda under the leadership of Éric Provost, President and Chief Executive Officer. We are encouraged by the clarity of vision and disciplined execution demonstrated by management throughout this period.

STRATEGIC PROGRESS IN ACTION

This year, we took decisive steps to sharpen the Bank's focus, strengthen its operational foundation, and invest in future-ready capabilities. Our actions are anchored in three key principles – specialization, simplification, and efficiency – all of which are designed to enhance the customer experience and deliver sustainable, long-term performance.

In particular, we are encouraged by the Bank's continued commitment to:

- **Enhancing commercial specialization**, positioning Laurentian Bank to serve targeted markets with deep sector expertise; and
- **Investing in technology and resiliency**, enabling the delivery of secure, agile, and scalable services that meet the evolving needs of our customers.

ADVANCING OUR GOVERNANCE PRIORITIES

The Board remains steadfast in ensuring that the Bank's strategic direction is grounded in strong governance, prudent risk management, and a commitment to long-term value creation. This year, we were pleased to welcome Mr. Robert Ouellette as a Corporate Director, serving as Chair of the newly established Information Technology Committee and as a member of the Audit Committee. His extensive experience in financial services, information technology, and risk management will be invaluable as the Bank continues to modernize its foundational technology infrastructure to enhance efficiency and elevate the customer experience.

As stewards of stakeholder interests, the Board continues to monitor progress against key performance indicators, ensuring that the Bank's transformation delivers measurable results. We remain focused on supporting management's efforts to accelerate revenue growth, improve efficiency, and optimize costs – all while maintaining our strong commitment to governance excellence.

CHARTING OUR PATH FORWARD

On December 2, 2025, we announced an acceleration of our specialty commercial bank strategy, resulting in an exit from the retail and SME banking sectors. To ensure a smooth transition for our retail customers, National Bank of Canada ("National Bank") entered into a definitive agreement to acquire our personal and SME banking portfolios and a definitive agreement to acquire our syndicated loan portfolio. Concurrently, Fairstone Bank of Canada ("Fairstone Bank") entered into a definitive agreement to acquire all issued and outstanding common shares of Laurentian Bank. Fairstone Bank will combine its commercial lending operations with our commercial specialization, leveraging both organizations' expertise to strengthen capabilities and expand market presence.

Looking ahead, the Board's oversight will remain both rigorous and focused on supporting management into a smooth and well-executed transition to closing the agreements with National Bank and Fairstone Bank. Furthermore, we will continue to provide guidance on the strategy and transition to a specialty commercial bank, while responding to evolving market dynamics and pursuing new opportunities for growth. Laurentian Bank's solid capital and liquidity positions provide a strong foundation for sustained resilience and long-term success.

On behalf of the Board of Directors, I extend my sincere gratitude to our shareholders, customers and employees for your continued trust and commitment. Your confidence empowers us to uphold the highest standards of governance, accountability and performance. Together, we are shaping a Laurentian Bank that is focused, future-ready, and firmly aligned with its core strengths.

Sincerely,



Michael T. Boychuk, FCPA
Chair of the Board of Directors
Laurentian Bank of Canada



Laurentian Bank has been a steady presence in Canadian banking since 1846 – nearly 180 years. Through generations of change, we’ve always remained committed to evolving with our customers, improving for our shareholders, and supporting our employees and communities. That legacy of resilience and adaptability continues to guide us today.

A year and a half into our strategic transformation, we are making meaningful progress. Our journey is guided by three clear principles: simplification, specialization, and efficiency. That’s what makes Laurentian Bank distinct. We are leaning into our strengths, accelerating our commercial specializations, and investing in the technology and partnerships that will define our next chapter.

SHARPENING OUR FOCUS AND DELIVERING RESULTS

In 2024, we made decisive moves to realign our business around our core competencies. These actions reflect our commitment to focus on doing fewer things, better. I am proud of what we accomplished in 2025, notably:

- **Expansion of our specialized commercial footprint**
We are actively working to increase the commercial proportion of the Bank's overall assets. This expansion is not about scale for scale's sake—it's about targeting industries where our operational capabilities can be maximized, and our expertise can shine.
- **Major investments in technology**
Technology remains a cornerstone of our strategy. We've made major investments in cloud-based systems, to improve our efficiency, resiliency, and customer experience. These investments are essential to building a bank that is agile, secure, and future-ready.
- **Improvements in resiliency**
We've also made significant strides in operational resiliency and redundancy. These improvements ensure that we can respond quickly to change, maintain stability, and deliver consistent service to our clients.
- **Maintaining high employee engagement**
Employee engagement remains high, with participation rates at 87% and engagement at 82%. These numbers are impressive on their own, but they are even more meaningful in the context of change. Our people are not just adapting to our transformation, they are driving it forward.

FINANCIAL AND BUSINESS OVERVIEW

We remain firmly committed to advancing our key strategic initiatives and continue to invest in areas that will drive long-term value. At the same time, we recognize the urgency of achieving sustained profitability and are intensifying our efforts accordingly. This will be achieved through:

- **Revenue Growth** through targeted revenue initiatives designed to expand our market reach and deepen client relationships;
- **Efficiency Gains** by streamlining operations, optimizing processes and refining our business model; and
- **Cost Reductions** through thoughtful and disciplined measures that allow us to rebalance without compromising our strategic priorities.

LOOKING AHEAD

The agreements we announced on December 2, 2025 are aligned with the acceleration of our commercial specialization, as announced in our 2024 Strategic Plan. Joining forces with Fairstone Bank of Canada ("Fairstone Bank") will allow us to grow our specialized commercial business even further, while maintaining our brand identity and head office in Montreal, where we were founded over 175 years ago. Partnering with National Bank of Canada ("National Bank") will allow our customers to benefit from a broader range of services and improved, modern technology.

As we look to the months ahead, our priorities are clear. We will work relentlessly and diligently to close the agreements with Fairstone Bank and National Bank, while having our customers' and employees' best interests at heart.

We remain committed to accelerating our specialization strategy by identifying opportunities that enhance our capabilities and market reach. Strengthening our position for future growth requires deliberate action and alignment across the organization. At the same time, we continue to uphold a disciplined approach to risk management. Our liquidity and capital positions remain solid, providing a stable foundation for resilience and long-term performance.

CLOSING THOUGHTS

This year has been one of momentum and meaningful progress. We are not yet at our destination, but we are firmly on our path forward. Our strategy is sound, our teams are engaged, and our commitment is resolute.

To our shareholders: thank you for your continued trust and support. Your belief in our vision fuels our determination. We are building a bank that is simpler, more specialized, and more efficient—a bank that knows its strengths and plays to them with confidence.

Together, we will continue to transform Laurentian Bank into a high-performing, resilient, and customer-focused institution. The future is ours to shape, and we are ready.

Sincerely,



Éric Provost
President and Chief Executive Officer
Laurentian Bank of Canada

BOARD OF DIRECTORS



MICHAEL T. BOYCHUK
Chair of the Board
Corporate Director
Director since August 31, 2013



SONIA BAXENDALE
Member of the Risk Management Committee and member
of the Human Resources and Governance Committee
Corporate Director
Director since August 31, 2016



ANDREA BOLGER
Chair of the Risk Management Committee and member
of the Information Technology Committee
Corporate Director
Director since August 28, 2019



JOHANNE BRUNET
Member of the Audit Committee and member
of the Human Resources and Governance Committee
Corporate Director
Director since February 7, 2024



LAURENT DESMANGLES

Member of the Audit Committee and member of the Risk Management Committee
Corporate Director
Director since April 11, 2023



SUZANNE GOUIN

Member of the Risk Management Committee and member of the Information Technology Committee
Corporate Director
Director since April 6, 2021



JAMEY HUBBS

Member of the Risk Management Committee and member of the Human Resources and Governance Committee
Corporate Director
Director since February 7, 2024



DAVID MOWAT

Chair of the Human Resources and Governance Committee and member of the Information Technology Committee
Corporate Director
Director since August 28, 2019

BOARD OF DIRECTORS



ROBERT OUELLETTE
Chair of the Information Technology Committee
and member of the Audit Committee
Corporate Director
Director since November 1, 2024



ÉRIC PROVOST
President and Chief Executive Officer
Director since October 1, 2023



PAUL STINIS
Member of the Audit Committee and member
of the Human Resources and Governance Committee
Corporate Director
Director since February 7, 2024



NICHOLAS ZELENCZUK
Chair of the Audit Committee and member
of the Information Technology Committee
Corporate Director
Director since May 28, 2020

EXECUTIVE TEAM

ÉRIC PROVOST
President and Chief Executive Officer

BENOIT BERTRAND
Chief Information Officer

MARIE-CHRISTINE CUSTEAU
Chief Strategy and Transformation Officer

CHRISTIAN DE BROUX
Chief Risk Officer

YVAN DESCHAMPS
Chief Financial Officer

THIERRY LANGEVIN
Chief, Personal and Commercial Banking

MACHA POHU
Chief Human Resources Officer and Corporate Affairs

2025 was a transformative year for Laurentian Bank. Guided by our strategic vision and a commitment to focus where we can win, we made bold moves to sharpen our commercial specialization, accelerate our technology roadmap, and strengthen our organizational resilience.



SHARPENING OUR STRATEGIC FOCUS

We continued to reshape our portfolio to prioritize sectors where our expertise delivers the greatest impact:

- **Divestment of brokerage activities** in 2024 and early 2025 allowed us to reallocate resources toward high-potential commercial segments.
- **Merger of LBC Capital and Northpoint Commercial Finance** streamlined our operations and enhanced our specialized service offerings.
- **We expanded our footprint in targeted industries**, increasing the commercial proportion of the Bank’s overall assets—not for scale alone, but to amplify our strengths.

**TECHNOLOGY INVESTMENTS:
BUILDING A SMARTER BANK**

In 2025, we made significant strides in technology:

- The migration to **cloud-based infrastructure** improved efficiency, resiliency and customer experience.
- **Operational resiliency and redundancy** enhancements ensured stability and responsiveness in a dynamic environment.
- **Customer service improvements**, including new roles and organizational changes, are already elevating satisfaction levels.

ENHANCED EXECUTION AGAINST OUR PRIORITIES

Our roadmap for 2025 was ambitious. We are proud to say that we have delivered against our plan and reached key transformational milestones such as:

- **Simplification of our IT operations**, namely by significantly reducing our data centers and addressing obsolescence of key applications or systems.
- **Progressed on industry-driven initiatives**, particularly in payments, to elevate customer convenience and service.

Laurentian Bank enters 2026 with momentum, clarity, and a renewed commitment to delivering exceptional value to customers and shareholders. Our transformation is fueled by the engagement of our teams. We are focused, future-ready, and proud of the progress we've made.





With strong progress made in 2025, we enter 2026 with a clear focus and renewed momentum. We are aligning our efforts to enhance profitability and accelerate our commercial specialization.

Ensure a smooth transition into a specialty commercial bank

- Support impacted employees from our exit of the retail and SME banking segment with fairness, respect and compassion.
- Expand our Commercial Banking footprint by deepening expertise in high-growth sectors and specialized client needs.
- Strengthen strategic partnerships.
- Focus on differentiated capabilities and product alignment to deliver tailored solutions that create value for our customers.

Support our customers

- Continue serving our retail and SME customers until the acquisition of our retail and SME banking portfolios by National Bank of Canada and conversion.
- Continue delivering strong customer service and deepening relationships with our commercial specialization customers, while expanding our North American footprint.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT OCTOBER 31, 2025 AND 2024

This Management's Discussion and Analysis (MD&A) presents management's view of the financial condition of Laurentian Bank of Canada (the Bank and/or Laurentian Bank) as at October 31, 2025 and its operating results for the year then ended, compared with the corresponding year shown. This MD&A should be read in conjunction with the Audited Consolidated Financial Statements and related notes. This MD&A is dated as of December 4, 2025.

Additional information about the Bank is available on the Bank's website at www.laurentianbank.ca and on the Canadian Securities Administrators' national system SEDAR+ at www.sedarplus.ca.

BASIS OF PRESENTATION

The financial information reported herein is based on the Audited Consolidated Financial Statements and related notes as at and for the year ended October 31, 2025, and, unless otherwise indicated, has been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB). All amounts are presented in Canadian dollars.

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ABOUT LAURENTIAN BANK OF CANADA

Founded in Montreal in 1846, Laurentian Bank is committed to serving its customers and fostering deep relationships with specialized groups. Laurentian Bank runs operations across Canada – primarily in Québec and Ontario – as well as in the United States and competes where it sees market opportunity and has an edge, while harnessing the power of partnerships and collaboration.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, Laurentian Bank of Canada and, as applicable its subsidiaries (collectively referred to as the Bank) will make written or oral forward-looking statements within the meaning of applicable Canadian and United States (U.S.) securities legislation, including, forward-looking statements contained in this document (and in the documents incorporated by reference herein), as well as in other documents filed with Canadian and U.S. regulatory authorities, in reports to shareholders, and in other written or oral communications. These forward-looking statements are made in accordance with the "safe harbor" provisions of, and are intended to be forward-looking statements in accordance with, applicable Canadian and U.S. securities legislation. They include, but are not limited to; statements regarding the Bank's vision, strategic goals, business plans and strategies, priorities and financial performance objectives; the economic, market, and regulatory review and outlook for Canadian, U.S. and global economies; the regulatory environment in which the Bank operates; the risk environment, including, credit risk, liquidity, and funding risks, and legal and regulatory risk; statements under the heading "Risk Appetite and Risk Management Framework" contained in the 2025 Annual Report, including, the MD&A for the fiscal year ended October 31, 2025; and other statements that are not historical facts.

Forward-looking statements typically are identified with words or phrases such as "believe", "assume", "estimate", "forecast", "outlook", "project", "vision", "expect", "foresee", "anticipate", "intend", "plan", "goal", "aim", "target", and expressions of future or conditional verbs such as "may", "should", "could", "would", "will", "intend" or the negative of any of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature, which give rise to the possibility that the Bank's predictions, forecasts, projections, expectations, or conclusions may prove to be inaccurate; that the Bank's assumptions may be incorrect (in whole or in part); and that the Bank's financial performance objectives, visions, and strategic goals may not be achieved. Forward-looking statements should not be read as guarantees of future performance or results, or indications of whether or not actual results will be achieved. Material economic assumptions underlying such forward-looking statements are set out in the 2025 Annual Report under the heading "Outlook", which assumptions are incorporated by reference herein.

Specifically, statements regarding the anticipated benefits of the Acquisition Transaction (as defined below) and the National Bank Transactions (as defined below) (collectively, in this section only, the "Transactions") for Laurentian Bank, Laurentian Bank Shareholders (as defined below), other Laurentian Bank stakeholders, Fairstone Bank (as defined below), and National Bank (as defined below), including, plans, objectives, expectations and intentions of Laurentian Bank, Fairstone Bank or National Bank; statements regarding the timing and receipt of Laurentian Bank Shareholder approval in respect of the Acquisition Transaction or regulatory approvals in respect of the Transactions; anticipated timing of the Meeting (as defined below); the satisfaction of the conditions precedent to the Transactions; the proposed timing and completion of the Transactions; the closing of the Transactions and the delisting from the TSX; and other statements that are not statements of historical facts are all considered to be forward-looking statements.

The Bank cautions readers against placing undue reliance on forward-looking statements, as a number of factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict or measure, could influence, individually or collectively, the accuracy of the forward-looking statements and cause the Bank's actual future results to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These factors include, but are not limited to general and market economic conditions; inflationary pressures; the dynamic nature of the financial services industry in Canada, the United States, and globally; the risk that the Transactions will not be completed on the terms and conditions, or on the timing, currently contemplated; that the Transactions may not be completed at all, due to a failure to obtain or satisfy, in a timely manner or otherwise, required Laurentian Bank Shareholder in respect of the Acquisition Transaction and regulatory approvals and other conditions to the closing of the Transactions or for other reasons; the risk that competing offers or acquisition proposals will be made; the negative impact that the failure to complete the Transactions, for any reason, could have on the price of the Laurentian Bank Shares or on the business of Laurentian Bank; the possibility of adverse reactions or changes in business relationships resulting from the announcement or completion of the Transactions; risks relating to Laurentian Bank's ability to retain and attract key personnel during and following the interim period; the possibility of litigation relating to the Transactions; credit, market, currency, operational, liquidity and funding risks generally and relating specifically to the Transactions, including changes in economic conditions, interest rates or tax rates; and those other risks discussed in greater detail under the "Other Risks That May Affect Future Results" section of Laurentian Bank's 2025 Annual Report; risks relating to credit, market, liquidity, funding, insurance, operational and regulatory compliance (which has resulted in, or which could lead to, the Bank being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, and orders to pay damages, penalties, and fines); reputational risks; exposure to, and resolution of, significant litigation or regulatory matters, the appeal of favourable outcomes and our ability to successfully appeal adverse of such matters, and the timing, determination and recovery of amounts related to such matters; competitive and systemic risks; supply chain disruptions; geopolitical events and uncertainties; government sanctions and tariffs (both domestic and foreign); conflict, war, or terrorism; and various other significant risks discussed in the risk-related portions of the Bank's 2025 Annual Report, such as those related to: Canadian and global economic conditions; Canadian housing and household indebtedness; technology, information systems and cybersecurity; technological disruption, privacy, data and third party related risks; competition; the Bank's ability to execute on its strategic objectives; digital disruption and innovation (including, emerging fintech competitors); changes in government fiscal, monetary and other policies; tax risk and transparency; fraud and criminal activity; human capital; business continuity; emergence of widespread health emergencies or public health crises; environmental and social risks including, climate change; and various other significant risks, as described in the relevant pages of the 2025 Annual Report, including the MD&A, which information is incorporated by reference herein. The Bank further cautions that the foregoing list of factors is not exhaustive. When relying on the Bank's forward-looking statements to make decisions involving the Bank, investors, financial analysts, and others should carefully consider the foregoing factors, uncertainties, and current and potential events.

Any forward-looking statements contained herein or incorporated by reference represent the views of management of the Bank only as at the date such statements were or are made, are presented for the purposes of assisting investors, financial analysts, and others in understanding certain key elements of the Bank's financial position, current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Bank's business and anticipated financial performance and operating environment and may not be appropriate for other purposes. The Bank does not undertake any obligation to update any forward-looking statements made by the Bank or on its behalf whether as a result of new information, future events or otherwise, except to the extent required by applicable securities legislation. Additional information relating to the Bank can be located on SEDAR+ at www.sedarplus.ca.

HIGHLIGHTS

TABLE 1
FINANCIAL HIGHLIGHTS

In thousands of dollars, except when noted	2025	2024	2023
Operating results			
Total revenue	\$ 983,672	\$ 1,018,209	\$ 1,025,510
Net income (loss)	\$ 139,874	\$ (5,499)	\$ 181,087
Adjusted net income ⁽¹⁾	\$ 147,246	\$ 168,662	\$ 208,345
Operating performance			
Diluted earnings (loss) per share ⁽²⁾	\$ 2.84	\$ (0.41)	\$ 3.89
Adjusted diluted earnings per share ⁽²⁾⁽³⁾	\$ 3.00	\$ 3.57	\$ 4.52
Return on common shareholders' equity ⁽³⁾⁽⁴⁾	4.9 %	(0.7)%	6.6 %
Adjusted return on common shareholders' equity ⁽³⁾⁽⁴⁾	5.2 %	6.1 %	7.7 %
Net interest margin ⁽⁵⁾	1.83 %	1.79 %	1.79 %
Efficiency ratio ⁽⁵⁾	76.3 %	96.1 %	73.5 %
Adjusted efficiency ratio ⁽³⁾	75.2 %	73.8 %	69.9 %
Operating leverage ⁽⁵⁾	20.0 %	(30.6)%	(8.2)%
Adjusted operating leverage ⁽³⁾	(1.9)%	(5.4)%	(5.1)%
Financial position (\$ millions)			
Loans	\$ 36,014	\$ 35,259	\$ 37,074
Total assets ⁽⁴⁾	\$ 50,148	\$ 47,401	\$ 49,893
Deposits	\$ 23,999	\$ 23,164	\$ 26,027
Average earning assets ⁽⁵⁾	\$ 40,335	\$ 40,211	\$ 41,598
Average loans ⁽⁵⁾	\$ 35,477	\$ 35,770	\$ 37,318
Basel III regulatory capital ratios			
CET1 capital ratio ⁽⁶⁾	11.3 %	10.9 %	9.9 %
Total risk-weighted assets (\$ millions) ⁽⁶⁾	\$ 20,700	\$ 20,862	\$ 22,575
Credit quality			
Gross impaired loans as a % of loans ⁽⁵⁾	1.18 %	1.07 %	0.62 %
Net impaired loans as a % of loans ⁽⁵⁾	0.97 %	0.88 %	0.46 %
Provision for credit losses as a % of average loans ⁽⁵⁾	0.17 %	0.17 %	0.17 %
Common share information			
Closing share price ⁽⁷⁾	\$ 33.30	\$ 26.08	\$ 25.40
Price / earnings ratio ⁽⁵⁾	11.7 x	(63.6) x	6.5 x
Adjusted price / earnings ratio ⁽³⁾	11.1 x	7.3 x	5.6 x
Book value per share ⁽³⁾⁽⁴⁾	\$ 57.67	\$ 57.36	\$ 59.96
Dividends declared per share	\$ 1.88	\$ 1.88	\$ 1.86
Dividend yield ⁽⁵⁾	5.6 %	7.2 %	7.3 %
Dividend payout ratio ⁽⁵⁾	66.3 %	n.m.	47.7 %
Adjusted dividend payout ratio ⁽³⁾	62.6 %	52.7 %	41.1 %

(1) This is a non-GAAP financial measure. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

(2) The sum of the quarterly earnings per share may not be equal to the cumulative earnings per share due to rounding.

(3) This is a non-GAAP ratio. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

(4) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts*, which required restatement of the Bank's 2023 comparative information and financial measures.

(5) This is a supplementary financial measure. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

(6) In accordance with OSFI's "Capital Adequacy Requirements" guideline. Refer to the Capital Management section beginning on page 36 for additional information.

(7) Toronto Stock Exchange (TSX) closing market price.

NON-GAAP FINANCIAL AND OTHER MEASURES

NON-GAAP FINANCIAL MEASURES

In addition to financial measures prepared based on generally accepted accounting principles (GAAP), management utilizes non-GAAP financial measures to evaluate the Bank's underlying and ongoing business performance. These non-GAAP financial measures, referred to throughout this document as adjusted measures, exclude items identified as adjusting items. Adjusting items consist of certain items of significance that arise from time to time which management believes are not indicative of underlying business performance, as well as the amortization of acquisition-related intangible assets.

Non-GAAP financial measures are not standardized financial measures under the financial reporting framework used to prepare the Bank's financial statements and may not be comparable to similar measures disclosed by other issuers. The Bank believes these non-GAAP financial measures are useful to readers in obtaining a better understanding of how management assesses the Bank's performance and in analyzing trends.

Tables 2 and 3 present a reconciliation of the non-GAAP financial measures to their most directly comparable financial measure that is disclosed in the primary financial statements of the Bank.

TABLE 2
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES — CONSOLIDATED STATEMENT OF INCOME⁽¹⁾

In thousands of dollars	2025	2024	2023
Total revenue	\$ 983,672	\$ 1,018,209	\$ 1,025,510
Less: Adjusting items, before income taxes			
Profit on sale of assets under administration ⁽²⁾	(875)	(13,959)	—
Adjusted total revenue	\$ 982,797	\$ 1,004,250	\$ 1,025,510
Non-interest expenses	\$ 750,090	\$ 978,872	\$ 753,490
Less: Adjusting items, before income taxes			
Restructuring and other impairment charges ⁽³⁾	10,899	72,483	24,099
P&C Banking segment impairment charges ⁽⁴⁾	—	155,933	—
Amortization of acquisition-related intangible assets ⁽⁵⁾	—	9,786	12,839
	10,899	238,202	36,938
Adjusted non-interest expenses	\$ 739,191	\$ 740,670	\$ 716,552
Income (loss) before income taxes	\$ 172,547	\$ (22,215)	\$ 210,413
Adjusting items, before income taxes (detailed above)	10,024	224,243	36,938
Adjusted income before income taxes	\$ 182,571	\$ 202,028	\$ 247,351
Reported net income (loss)	\$ 139,874	\$ (5,499)	\$ 181,087
Adjusting items, net of income taxes			
Profit on sale of assets under administration ⁽²⁾	(643)	(12,110)	—
Restructuring and other impairment charges ⁽³⁾	8,015	53,333	17,717
P&C Banking segment impairment charges ⁽⁴⁾	—	125,629	—
Amortization of acquisition-related intangible assets ⁽⁵⁾	—	7,309	9,541
	7,372	174,161	27,258
Adjusted net income	\$ 147,246	\$ 168,662	\$ 208,345
Net income (loss) available to common shareholders	\$ 125,504	\$ (17,925)	\$ 169,308
Adjusting items, net of income taxes (detailed above)	7,372	174,161	27,258
Adjusted net income available to common shareholders	\$ 132,876	\$ 156,236	\$ 196,566

(1) Certain comparative figures have been reclassified to conform to the current year presentation.

(2) The profit on sale of assets under administration resulted from the sale of assets under administration of Laurentian Bank Securities' (LBS) retail full-service investment broker division in the fourth quarter of 2024 and of LBS' discount brokerage division in the first quarter of 2025, as detailed in the Business Highlights section beginning on page 22 of this MD&A. The profit on sale of assets under administration is included in the Other income line item.

(3) In 2025, restructuring and other impairment charges primarily stemmed from the Bank's ongoing efforts to streamline its technology infrastructure and organizational structure, as well as from revised estimates related to lease contracts for corporate office premises. In 2024, restructuring and other impairment charges mainly resulted from the Bank's decision to suspend the Advanced Internal-Ratings Based (AIRB) approach to credit risk project and to reduce its leased corporate office premises in Toronto, as well as from the simplification of the Bank's technology infrastructure, organizational structure and headcount reduction. In 2023, restructuring and other impairment charges included costs resulting from changes in the Bank's management structure and right-sizing initiatives as well as professional fees related to the Bank's strategic review. Restructuring and other impairment charges mainly comprised of impairment charges, severance charges, professional fees and charges related to leases and other, and are included in the Impairment and restructuring charges line item.

(4) The Personal and Commercial (P&C) Banking segment impairment charges related to the impairment of the P&C Banking segment as part of the goodwill impairment test performed as at April 30, 2024. Impairment charges were included in the Impairment and restructuring charges line item.

(5) Amortization of acquisition-related intangible assets resulted from business acquisitions and was included in the Other non-interest expenses line item.

TABLE 3
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES — CONSOLIDATED BALANCE SHEET

In thousands of dollars	2025	2024	2023
Shareholders' equity⁽¹⁾	\$ 2,881,820	\$ 2,828,484	\$ 2,858,105
Plus (less):			
Preferred shares and other equity instruments	(245,682)	(245,554)	(245,558)
Cash flow hedge reserve ⁽²⁾	(64,763)	(58,750)	3,680
Common shareholders' equity⁽¹⁾	\$ 2,571,375	\$ 2,524,180	\$ 2,616,227
Impact of averaging month-end balances⁽³⁾	(28,754)	22,861	(59,803)
Average common shareholders' equity⁽¹⁾	\$ 2,542,621	\$ 2,547,041	\$ 2,556,424

(1) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts*, which required restatement of the Bank's 2023 comparative information and financial measures.

(2) The cash flow hedge reserve is presented in the Accumulated other comprehensive income line item.

(3) Based on the month-end balances for the year.

NON-GAAP RATIOS

Non-GAAP ratios are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Bank to which the non-GAAP ratios relate and might not be comparable to similar financial measures disclosed by other issuers. Ratios are considered non-GAAP ratios if adjusted measures are used as components; refer to the Non-GAAP Financial Measures section above. The Bank believes non-GAAP ratios are useful to readers in obtaining a better understanding of how management assesses the Bank's performance and in analyzing trends. The following ratios are non-GAAP ratios.

Adjusted diluted earnings per share is calculated by dividing adjusted net income available to common shareholders by the diluted weighted average number of common shares outstanding. The following table presents a reconciliation of adjusted diluted earnings per share to diluted earnings per share, which is disclosed in the primary financial statements of the Bank.

TABLE 4
IMPACT OF ADJUSTING ITEMS ON DILUTED EARNINGS PER SHARE

In thousands of dollars, except per share amounts	2025	2024	2023
Diluted earnings (loss) per share	\$ 2.84	\$ (0.41)	\$ 3.89
Adjusting items, net of income taxes, on a per share basis ⁽¹⁾	0.16	3.98	0.63
Adjusted diluted earnings per share⁽²⁾	\$ 3.00	\$ 3.57	\$ 4.52

(1) Refer to Table 2 on page 20 for a detailed description of adjusting items.

(2) The impact of adjusting items on a per share basis may not add due to rounding, and the sum of the quarterly earnings per share may not equal to the cumulative earnings per share due to rounding.

Return on common shareholders' equity (ROE) is defined as net income available to common shareholders as a percentage of average common shareholders' equity. This ratio can be used in assessing the Bank's profitability.

Adjusted return on common shareholders' equity (Adjusted ROE) is defined as adjusted net income available to common shareholders as a percentage of average common shareholders' equity. This ratio can be used in assessing the Bank's profitability excluding adjusting items defined above.

Adjusted efficiency ratio is defined as adjusted non-interest expenses as a percentage of total revenue. This ratio can be used in assessing the Bank's productivity and cost control.

Adjusted operating leverage is the difference between total revenue and adjusted non-interest expenses growth rates. This ratio can be used in assessing the Bank's efficiency.

Adjusted price / earnings ratio is defined as closing common share price divided by adjusted diluted earnings per share.

Adjusted dividend payout ratio is defined as dividends declared on common shares as a percentage of adjusted net income available to common shareholders.

Book value per common share is defined as common shareholders' equity divided by the number of common shares outstanding at the end of the period.

SUPPLEMENTARY FINANCIAL MEASURES

Management also uses supplementary financial measures to analyze the Bank's results and in assessing underlying business performance and related trends. Please refer to the Glossary on page 71 of this MD&A for additional information about the composition of supplementary financial measures disclosed in this document.

BUSINESS HIGHLIGHTS

TRANSACTIONS ANNOUNCED ON DECEMBER 2, 2025

Subsequent to year-end, Laurentian Bank announced on December 2, 2025 a significant acceleration of its 2024 Strategic Plan toward its specialty commercial bank model, resulting in its exit from the retail and SME banking business. This transformation will position Laurentian Bank as a commercially oriented bank, concentrating on commercial real estate lending, inventory and equipment financing, intermediary services and capital markets activities.

National Bank of Canada (directly or through one or more affiliates) (“National Bank”) has entered into a definitive agreement to acquire Laurentian Bank’s retail and SME banking portfolios (the “Retail/SME Transaction”). Customers will benefit from National Bank’s enhanced offering of retail and business banking solutions, including deposits, loans and investments. They will also be served through National Bank’s leading digital services, expanded product and service offerings, and a broader branch network and business banking teams. Laurentian Bank and National Bank have also entered into a definitive agreement in respect of the sale to National Bank of Laurentian Bank’s syndicated loan portfolio (the “Syndicated Loan Transaction” and, collectively with the Retail/SME Transaction, the “National Bank Transactions”).

In parallel, Fairstone Bank of Canada (“Fairstone Bank”), Canada’s leading alternative lender and a Schedule I bank, has entered into a definitive agreement (the “Acquisition Transaction Agreement”) to acquire all issued and outstanding common shares of Laurentian Bank (the “Laurentian Bank Shares”) (the “Acquisition Transaction” and, collectively with the Retail/SME Transaction, the “Transactions”). Fairstone Bank will combine its commercial lending operations with Laurentian Bank’s commercial specialization, leveraging the expertise of both organizations to strengthen capabilities and expand market presence. Laurentian Bank will retain its brand identity and head office in Montreal, continuing its legacy of over 175 years. Éric Provost will continue to serve as Laurentian Bank’s President and CEO, spearheading the accelerated execution of its strategic growth plan with a concentrated focus on commercial banking activities.

These coordinated transactions reflect a shared commitment to supporting a strong and competitive Canadian banking system, creating value for shareholders and customers, and reinforcing Québec’s leadership within the national financial landscape.

Until the Transactions close, Laurentian Bank’s daily operations will continue as usual and in the normal course, and stakeholders are not expected to see any immediate changes. At conversion, all branches of Laurentian Bank located in Québec will be closed by Laurentian Bank. Both National Bank and Fairstone Bank have proven expertise in managing successful integrations, ensuring seamless continuity and superior service throughout the transition period.

Commitment to Employees and Stakeholders

Fairstone Bank, Laurentian Bank and National Bank are committed to transparency and ongoing communication with employees and stakeholders. They will work together to ensure a smooth transition. Detailed integration plans will be shared in due course to provide clarity and support throughout the transition period.

Pursuant to the National Bank Transactions, Laurentian Bank’s branches and employees will not be transferred to National Bank. Once the Transactions are completed, affected Laurentian Bank employees who are interested will be able to apply for open roles at National Bank through a dedicated channel.

National Bank will preserve Laurentian Bank’s longstanding commitment to community investment by doubling its corporate philanthropic program, ensuring continuity and amplifying impact for the future.

Acquisition Transaction Details

Under the terms of the Acquisition Transaction Agreement, Fairstone Bank will acquire all of the issued and outstanding common shares of Laurentian Bank at a price per Laurentian Bank Share of \$40.50, in cash, representing a premium of approximately 20% over the closing price of the Laurentian Bank Shares of \$33.76 on the Toronto Stock Exchange (the “TSX”) on December 1st, 2025, the last trading day prior to the announcement of the Acquisition Transaction, and a premium of approximately 22% over the 20-day volume-weighted average trading price of the Laurentian Bank Shares for the period ended on December 1st, 2025. The total cash consideration payable under the Acquisition Transaction is approximately \$1.9 billion. The Acquisition Transaction will provide holders of Laurentian Bank Shares (“Laurentian Bank Shareholders”) with immediate liquidity and certainty of value.

The Acquisition Transaction is subject to approval of 66^{2/3}% of the votes cast by Laurentian Bank Shareholders at a special meeting of Laurentian Bank Shareholders (the “Meeting”) expected to be held in the first quarter of 2026 to approve an amendment to Laurentian Bank’s by-laws to provide for the acquisition of the Laurentian Bank Shares pursuant to the terms of the Acquisition Transaction Agreement. The Acquisition Transaction Agreement contains customary non-solicitation covenants on the part of Laurentian Bank, subject to customary “fiduciary out” provisions, as well as “right to match” provisions in favour of Fairstone Bank. A termination fee of \$40 million would be payable by Laurentian Bank to Fairstone Bank in certain circumstances, including in the context of a superior proposal supported by Laurentian Bank’s board of directors. A reverse termination fee of \$40 million would be payable by Fairstone Bank to Laurentian Bank in certain circumstances where key regulatory approvals are not obtained prior to the outside date.

The Acquisition Transaction is subject to the closing of the Retail/SME Transaction and will close on the date of, and immediately following, the closing of the Retail/SME Transaction, subject to customary closing conditions, including receipt of key regulatory approvals. The Acquisition Transaction is not subject to any financing condition.

Assuming the timely receipt of all required key regulatory approvals and shareholder approval, and the satisfaction of other customary closing conditions, the Transactions are expected to close by late 2026.

Following completion of the Transactions, it is expected that the Laurentian Bank Shares will be delisted from the TSX. However, Laurentian Bank's Non-Cumulative Class A Preferred Shares, Series 13, Non-Cumulative 5-Year Fixed Rate Reset Class A Preferred Shares, Series 17, 5.30% Limited Recourse Capital Notes, Series 1 and 5.095% subordinated non-viability contingent capital notes are expected to remain outstanding in accordance with their terms following the completion of the Transactions. Laurentian Bank's Non-Cumulative Class A Preferred Shares, Series 13 will continue to be listed on the TSX and, as a result, Laurentian Bank will continue to be a reporting issuer under applicable Canadian securities laws following completion of the Transactions.

National Bank Transactions Details

Immediately prior to the closing of the Acquisition Transaction, National Bank will acquire certain assets and assume certain liabilities related to the retail and SME banking sector being exited by Laurentian Bank in the Retail/SME Transaction pursuant to a definitive asset purchase agreement entered into concurrently with the Acquisition Transaction Agreement (the "Retail/SME Agreement"). As at October 31, 2025, the retail loans and deposits totalled approximately \$3.2 billion and \$7.5 billion, respectively, while the SME loans and deposits totalled approximately \$0.9 billion and \$0.6 billion, respectively.

In addition, the Retail/SME Agreement provides that National Bank will assume the distribution agreement for certain mutual funds. As at October 31, 2025, the underlying mutual funds totalled approximately \$3.6 billion.

The closing of the Retail/SME Transaction is conditional on all conditions precedent to the closing of the Acquisition Transaction having been satisfied or waived and will occur immediately prior to the closing of the Acquisition Transaction. The Retail/SME Agreement includes terms and conditions that are customary for transactions of this nature. The Retail/SME Transaction is not subject to the approval of Laurentian Bank Shareholders and is subject to customary closing conditions, including receipt of key regulatory approvals.

None of the employees or retail branches of Laurentian Bank will be transferred to National Bank. Laurentian Bank will be responsible for closing its branches and terminating the employment of certain employees (or reassigning them to other lines of business or to Firststone Bank or its affiliates) prior to the closing of the Retail/SME Transaction.

A termination fee of \$10 million would be payable by Laurentian Bank to National Bank in certain circumstances, including in the context of a termination of the Retail/SME Agreement resulting from a termination of the Acquisition Transaction Agreement to accept a superior proposal. A reverse termination fee of \$10 million would be payable by National Bank to Laurentian Bank in certain circumstances where key regulatory approvals are not obtained prior to the outside date.

Separately, concurrently with the execution of the Retail/SME Agreement, Laurentian Bank and National Bank have also entered into a definitive loan purchase agreement in respect of the Syndicated Loan Transaction. As at October 31, 2025, the syndicated loans totalled approximately \$0.8 billion. The closing of the Syndicated Loan Transaction is not conditional upon the closing of the Retail/SME Transaction or the Acquisition Transaction. The Syndicated Loan Transaction is expected to close in approximately three months, subject to customary closing conditions.

The National Bank Transactions will be fully settled in cash and cash equivalents, with the final consideration based on outstanding balances at closing. The final consideration for the Syndicated Loan Transaction will be the outstanding balance of the purchased loans at closing, minus \$50 million. If the purchase price was calculated as at July 31, 2025, the aggregate purchase price of the Retail/SME Transaction (including related premium) and the Syndicated Loan Transaction (including related discount) would approximate net book value.

OUR STRATEGIC PLAN IN ACTION

The "Our Path Forward" strategic plan, presented in the prior fiscal year, sets out the Bank's approach to the financial services industry and outlines its specialized approach.

Since announcing its strategic plan, the Bank has remained focused on delivering the goals it set to transform the organization and achieve its medium-term financial targets. While work is still ongoing, concrete steps have been taken to build a stronger, more sustainable, and more profitable Laurentian Bank.

In 2025, the Bank advanced its strategic transformation by sharpening its focus, reinforcing its operational foundation, and investing in future-ready capabilities. These initiatives reflect our commitment to sustainable performance, guided by the principles of specialization, simplification, and efficiency.

A key area of progress was the Bank's enhanced commercial specialization, which strengthens our ability to serve targeted markets with deep sector expertise. This strategic focus positions Laurentian Bank to deliver differentiated value and drive long-term growth.

Our roadmap for 2025 was ambitious. We are proud to report that we delivered against our plan, achieving several transformational milestones. Notably, the deployment of cloud-based systems has significantly improved our operational efficiency, resilience, and customer experience. These investments are foundational to building a bank that is agile, secure, and well-positioned for the future. Operational resiliency and redundancy were also meaningfully enhanced, enabling the Bank to respond swiftly to change, maintain stability, and ensure consistent service delivery to our clients.

Employee engagement remained strong throughout the year, with participation rates reaching 87% and engagement levels at 82%. These results are particularly noteworthy given the scale of transformation underway, and they underscore the dedication and adaptability of our workforce.

OTHER BUSINESS HIGHLIGHTS OF 2025

Brand merger of LBC Capital and Northpoint Commercial Finance

On November 1, 2024, the Bank's LBC Capital and Northpoint Commercial Finance subsidiaries united under one brand, Northpoint Commercial Finance. The merging of these two brands delivers streamlined efficiencies and offerings for its customers throughout North America.

Sale of assets under administration of LBS' discount brokerage division to CI Investment Services Inc (CIIS)

On November 29, 2024, after close of markets, the Bank completed the sale of assets under administration of LBS' discount brokerage division to CIIS, a wholly owned subsidiary of CI Financial Corp. The transaction included the transfer of approximately \$250 million in assets under administration from LBS to CI Direct Trading, an online investment platform for self-directed investors and a division of CIIS. The Bank recorded a profit from the transaction of \$0.9 million (\$0.6 million after income taxes) in the first quarter of 2025.

OUTLOOK

MEDIUM-TERM FINANCIAL TARGETS

As a result of the strategic developments announced on December 2, 2025 and further detailed in the Business Highlights section above, the Bank is withdrawing its previously disclosed medium-term financial targets introduced in May 2024. The Bank will continue to focus on executing its commercial banking strategy and delivering value through disciplined capital management, operational efficiency, and enhanced customer solutions.

ECONOMIC OUTLOOK

The global economic outlook has demonstrated resilience, though ongoing trade conflicts and the reconfiguration of supply chains have led to elevated business costs and a moderation in real economic activity. The unpredictability of trade and economic policies, particularly between the United States and China, combined with uncertain responses by households, businesses, and governments, continues to support a wide range of potential economic outcomes.

Uncertainty remains elevated ahead of the scheduled 2026 review of the Canada–United States–Mexico Agreement (CUSMA), which may reshape North American trade relations. Additionally, the upcoming nomination of a new U.S. Federal Reserve Chair introduces further complexity, with market participants closely monitoring implications for monetary policy independence and interest rate direction.

In the United States, moderate economic momentum is being driven primarily by robust investment in artificial intelligence and digital infrastructure, which has offset the economic drag from the prolonged federal government shutdown through November 2025. However, growth remains uneven across regions and income groups, with high-income households benefiting disproportionately from fiscal stimulus and equity market gains. U.S. businesses continue to pass on elevated tariff costs to consumers, contributing to inflationary pressures. Long-term interest rates have declined in recent months, reflecting expectations of further monetary easing by the Federal Reserve.

In Canada, the economy is adjusting to global trade realignment and targeted tariffs imposed by both the United States and China on select Canadian industries and non-CUSMA-compliant goods. The federal government's 2025 budget, released in November, outlines a planned reduction in immigration targets over the next three years, which may have implications for labour supply and housing demand.

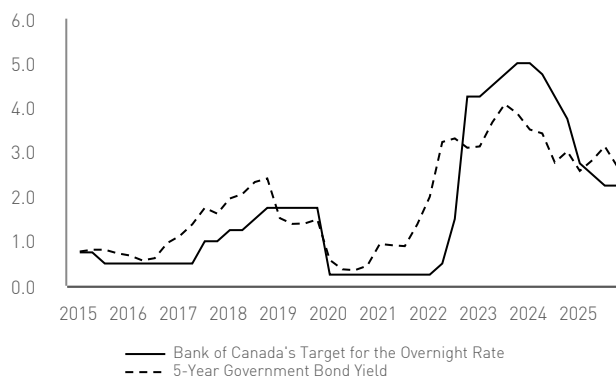
Labour market conditions remain soft in Canada, particularly in Ontario. The national unemployment rate stood at 6.9% in October, unchanged from summer levels and up modestly since the onset of tariff escalations. While headline CPI inflation remains close to the Bank of Canada's 2% target, inflation expectations among businesses and consumers continue to reflect elevated concern about future price pressures.

Homebuilding activity rebounded sharply during the latter part of 2025, led by rental construction, reaching near-record levels. However, resale activity and rental market conditions remain subdued in both Ontario and British Columbia, particularly in the Greater Toronto Area. In contrast, housing markets in both Quebec and Alberta have shown greater resilience, supported by moderate demand and relatively constrained supply.

The Bank of Canada has indicated its intention to hold the overnight rate target at 2.25%, following two consecutive 25-basis-point reductions in September and October. Meanwhile, the November federal budget introduces measures aimed at encouraging business investment and supporting housing market activity. The Canadian dollar continues to experience significant volatility, recently influenced by the imposition of additional tariffs by the United States and China on Canadian exports.

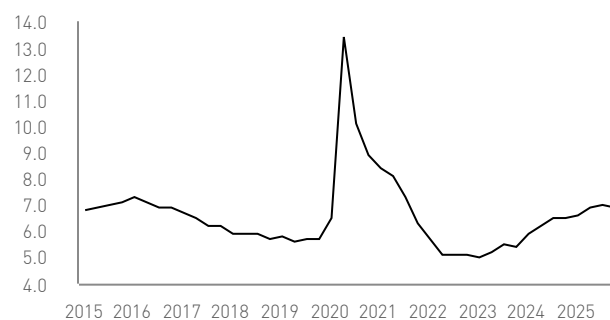
INTEREST RATES IN CANADA

(Quarterly data, end of period, in percentage)
(Source: Bank of Canada)



UNEMPLOYMENT RATES IN CANADA

(Average quarterly data, in percentage)
(Source: Statistics Canada)



ANALYSIS OF CONSOLIDATED RESULTS

OVERVIEW OF FISCAL 2025

Laurentian Bank of Canada reported net income of \$139.9 million and diluted earnings per share of \$2.84 for the year ended October 31, 2025, compared with a net loss of \$5.5 million and a diluted loss per share of \$0.41 for the year ended October 31, 2024. Return on common shareholders' equity was 4.9% for the year ended October 31, 2025, compared with negative 0.7% for the year ended October 31, 2024. Adjusted net income was \$147.2 million and adjusted diluted earnings per share were \$3.00 for the year ended October 31, 2025, compared with adjusted net income of \$168.7 million and adjusted diluted earnings per share of \$3.57 for the year ended October 31, 2024. Adjusted return on common shareholders' equity was 5.2% for the year ended October 31, 2025, compared with 6.1% for the year ended October 31, 2024. The CET1 capital ratio was 11.3% as at October 31, 2025, in excess of the minimum regulatory requirement and the Bank's target management levels.

In 2025, the Bank remained focused on the disciplined execution of its strategic plan, while continuing to navigate a complex macroeconomic environment. Net interest income increased year-over-year, reflecting a more favourable business mix and an improved net interest margin. The Bank's divestiture of assets under administration from LBS' investment brokerage divisions in 2024 and early 2025 led to lower securities brokerage commissions and a reduced gross profit on sale compared to the prior year. Softer economic activity also weighed on other income streams, particularly lending fees. Credit performance remained stable, supported by resilient asset quality and disciplined risk management. Non-interest expenses decreased, primarily reflecting lower restructuring and impairment charges relative to the prior year, while the Bank continued to make targeted technology investments to support long-term growth and transformation. Capital and liquidity positions remained strong, underscoring the Bank's financial resilience and capacity to support its strategic priorities. Refer to the Analysis of Consolidated Results section for further details on the Bank's financial performance for 2025.

TABLE 5
CONDENSED CONSOLIDATED RESULTS

In thousands of dollars, except percentage amounts	2025	2024	Variance 2025/2024
Net interest income	\$ 736,924	\$ 719,507	2 %
Other income	246,748	298,702	(17)%
Total revenue	983,672	1,018,209	(3)%
Provision for credit losses	61,035	61,552	(1)%
Non-interest expenses	750,090	978,872	(23)%
Income (loss) before income taxes	172,547	(22,215)	n.m.
Income taxes (recovery)	32,673	(16,716)	n.m.
Net income (loss)	139,874	(5,499)	n.m.
Dividends on preferred shares and distributions on other equity instruments	14,370	12,426	16 %
Net income (loss) available to common shareholders	\$ 125,504	\$ (17,925)	n.m.
Non-GAAP financial measures			
Adjusted total revenue ⁽¹⁾	\$ 982,797	\$ 1,004,250	(2)%
Adjusted non-interest expenses ⁽¹⁾	\$ 739,191	\$ 740,670	— %
Adjusted income before income taxes ⁽¹⁾	\$ 182,571	\$ 202,028	(10)%
Adjusted net income ⁽¹⁾	\$ 147,246	\$ 168,662	(13)%
Adjusted net income available to common shareholders ⁽¹⁾	\$ 132,876	\$ 156,236	(15)%

(1) This is a non-GAAP financial measure. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

TOTAL REVENUE

Total revenue was \$983.7 million for the year ended October 31, 2025, a decrease of 3% compared with \$1,018.2 million for the year ended October 31, 2024, partly due to the Bank's divestiture of assets under administration from LBS' investment brokerage divisions in 2024 and early 2025. Net interest income contributed 75% of total revenue in 2025, and other income contributed 25% (compared to 71% and 29% respectively in 2024).

NET INTEREST INCOME

Net interest income increased by \$17.4 million to \$736.9 million for the year ended October 31, 2025, from \$719.5 million for the year ended October 31, 2024 as a result of higher interest income from favourable shifts in the Bank's business mix.

As at October 31, 2025, higher yielding commercial loans accounted for 50% of the Bank's total loans, compared with 47% as at October 31, 2024. Further details on the loan portfolio mix are provided on page 45 of this MD&A. Average earning assets amounted to \$40.3 billion in 2025, an increase of \$0.1 billion compared with \$40.2 billion in 2024, mainly from our commercial real estate, inventory and equipment financing specialties, partially offset by a reduction in personal and residential mortgage loans.

The net interest margin as a percentage of average earning assets was 1.83% for the year ended October 31, 2025, an increase of 4 basis points compared with the year ended October 31, 2024, mainly due to favourable shifts in the Bank's business mix and lower funding costs as a result of an easing interest rate environment. Tables 6 and 7 provide additional information about the Bank's net interest income and net interest margin.

TABLE 6
CHANGES IN NET INTEREST INCOME

In thousands of dollars	2025		
	Increase (decrease) due to change in		
	Average volume	Average rate	Net change
Interest-earning assets	\$ 7,093	\$ (208,858)	\$ (201,765)
Interest-bearing liabilities	(6,686)	225,868	219,182
Net interest income	\$ 407	\$ 17,010	\$ 17,417

TABLE 7
NET INTEREST INCOME⁽¹⁾

In thousands of dollars, except percentage amounts	2025			2024		
	Average volume	Interest	Average rate	Average volume	Interest	Average rate
Assets						
Cash resources and securities	\$ 4,745,796	\$ 156,479	3.30 %	\$ 4,379,371	\$ 173,551	3.96 %
Securities purchased under reverse repurchase agreements	112,775	3,287	2.91	82,083	3,861	4.70
Loans						
Personal	1,991,809	135,947	6.83	2,270,098	194,558	8.57
Residential mortgage	16,253,572	622,003	3.83	16,690,088	623,847	3.74
Commercial and other	17,231,377	1,174,923	6.82	16,789,621	1,291,011	7.69
Total loans	35,476,758	1,932,873	5.45	35,749,807	2,109,416	5.90
Derivatives and other	—	4,446	—	—	12,022	—
Total interest earning assets ⁽²⁾	40,335,329	2,097,085	5.20	40,211,261	2,298,850	5.72
Non-interest earning assets and assets related to trading activities	8,564,780	—	—	7,656,893	—	—
Total assets	\$ 48,900,109	\$ 2,097,085	4.29 %	\$ 47,868,154	\$ 2,298,850	4.80 %
Liabilities and shareholders' equity						
Demand and notice deposits	\$ 6,510,582	\$ 136,090	2.09 %	\$ 7,497,130	\$ 260,167	3.47 %
Term deposits	17,582,158	754,969	4.29	16,990,130	763,601	4.49
Debt related to securitization activities	13,656,907	401,897	2.94	13,098,014	375,793	2.87
Subordinated debt	344,474	18,204	5.28	348,268	18,220	5.23
Other	—	49,001	—	—	161,562	—
Total interest-bearing liabilities ⁽²⁾	38,094,121	1,360,161	3.57	37,933,542	1,579,343	4.16
Acceptances	—	—	—	6,334	—	—
Non-interest-bearing liabilities and liabilities related to trading activities	7,952,778	—	—	7,107,697	—	—
Total liabilities	46,046,899	1,360,161	2.95	45,047,573	1,579,343	3.51
Shareholders' equity	2,853,210	—	—	2,820,581	—	—
Total liabilities and shareholders' equity	\$ 48,900,109	\$ 1,360,161	2.78 %	\$ 47,868,154	\$ 1,579,343	3.30 %
Net interest income and margin ⁽³⁾ (on average earning assets)		\$ 736,924	1.83 %		\$ 719,507	1.79 %

(1) Certain comparative figures have been reclassified to conform to the current year presentation.

(2) Interest earning assets and interest-bearing liabilities are supplementary financial measures. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for more information.

(3) Net interest margin is a supplementary financial measure. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

OTHER INCOME

Other income amounted to \$246.7 million for the year ended October 31, 2025, a decrease of \$52.0 million or 17%, compared with \$298.7 million for the year ended October 31, 2024, partly due to the Bank's divestiture of assets under administration from LBS' investment brokerage divisions in 2024 and early 2025.

Income from financial instruments increased by \$0.9 million or 2% and amounted to \$62.2 million for 2025, compared with \$61.3 million for 2024, reflecting consistent trading-related income, despite volatile market conditions throughout the year.

Income from mutual funds amounted to \$42.7 million for 2025, an increase of \$2.0 million or 5% compared with \$40.7 million for 2024. This increase was primarily due to higher market values in 2025.

Lending fees amounted to \$40.4 million for 2025, a decrease of \$9.6 million or 19%, compared with \$50.0 million for 2024 due to tempered economic activity.

Service charges on deposits and payments amounted to \$24.9 million for 2025, a decrease of \$2.2 million or 8% compared with \$27.2 million for 2024, driven by the ongoing migration towards digital accounts and evolving customer preferences.

Card service revenues decreased by \$4.4 million or 16%, mostly as a result of lower transactional volume and reduced consumer spending.

Fees and securities brokerage commissions amounted to \$17.7 million for 2025, a decrease of \$18.3 million or 51% compared with \$35.9 million for 2024, mainly as a result of the sale of assets under administration of LBS' retail full-service investment broker division in the fourth quarter of 2024 and sale of assets under administration of LBS' discount brokerage division earlier in the fiscal year.

Fees on investment accounts decreased by \$1.1 million or 10% to \$10.3 million for 2025, compared with \$11.4 million for 2024, primarily driven by lower levels of investment accounts under administration throughout the year.

Insurance income is generated by insurance programs related to the Bank's credit product offerings. Insurance revenues are presented net of claims and expenses. Net revenues decreased by \$1.4 million or 22% to \$5.1 million for 2025, compared with \$6.5 million for 2024, mainly as a result of lower insurance premiums.

Profit on sale of assets under administration amounted to \$0.9 million for 2025 compared with \$14.0 million in 2024. In 2025, the \$0.9 million profit relates to the sale of assets under administration from LBS' discount brokerage division in the first quarter, as detailed in the Business Highlights section above. The amount in 2024 reflects the sale of assets under administration from LBS' retail full-service investment broker division in the fourth quarter of that year.

Other, which includes revenues from leasing and equipment resale activities, amounted to \$19.1 million for 2025, compared with \$23.8 million for 2024.

TABLE 8
OTHER INCOME

In thousands of dollars, except percentage amounts	2025	2024	Variance 2025/2024
Income from financial instruments	\$ 62,218	\$ 61,292	2 %
Income from mutual funds	42,658	40,691	5
Lending fees	40,433	50,019	(19)
Service charges	24,931	27,166	(8)
Card service revenues	23,512	27,958	(16)
Fees and securities brokerage commissions	17,654	35,915	(51)
Fees on investment accounts	10,293	11,394	(10)
Insurance income, net	5,055	6,477	(22)
Profit on sale of assets under administration	875	13,959	n.m.
Other	19,119	23,831	(20)
Other income	\$ 246,748	\$ 298,702	(17)%

PROVISION FOR CREDIT LOSSES

The provision for credit losses decreased to \$61.0 million for the year ended October 31, 2025, compared with \$61.6 million for the year ended October 31, 2024. The slight decline reflects lower provisions on impaired loans, partially offset by lower releases on performing loans. The provision for credit losses as a percentage of average loans was 17 basis points for the year ended October 31, 2025, unchanged compared to the year ended October 31, 2024. Refer to the "Credit risk management" section on pages 43 to 50 of this MD&A and to Note 6 to the Consolidated Financial Statements for additional information on provision for credit losses and allowances for credit losses.

NON-INTEREST EXPENSES

Non-interest expenses decreased by \$228.8 million or 23% to \$750.1 million for the year ended October 31, 2025, compared with \$978.9 million for the year ended October 31, 2024. Of note, reported results for the year ended October 31, 2024 included impairment and restructuring charges of \$228.4 million related to the restructuring of the Bank's operations and to the impairment of the P&C Banking segment. Adjusted non-interest expenses decreased by \$1.5 million to \$739.2 million for the year ended October 31, 2025, compared with \$740.7 million for the year ended October 31, 2024.

Salaries and employee benefits decreased by \$8.3 million or 2% to \$380.6 million for the year ended October 31, 2025, compared with the year ended October 31, 2024, largely driven by efficiency gains stemming from a reduced headcount and lower broker commissions, primarily as a result of the divestiture of assets under administration from LBS' retail investment broker divisions.

Premises and technology costs increased by \$5.5 million or 3% to \$211.1 million for the year ended October 31, 2025, compared with the year ended October 31, 2024. The increase is mainly due to higher technology costs as the Bank is investing in its infrastructure and strategic priorities, partially offset by lower depreciation combined with reduced rent and property tax expenses.

Other non-interest expenses decreased by \$8.5 million or 5% to \$147.5 million for 2025, compared with \$156.0 million for 2024. The decrease mainly resulted from lower amortization of acquisition-related intangible assets and lower general operational costs, partially offset by higher professional and advisory service fees to support the Bank's strategic priorities.

Impairment and restructuring charges were \$10.9 million for 2025, compared with \$228.4 million for 2024. In 2025, impairment and restructuring charges primarily stemmed from the Bank's ongoing efforts to simplify its technology infrastructure and organizational structure, as well as from revised estimates related to lease contracts for corporate office premises. In 2024, the impairment test of the P&C Banking segment resulted in impairment charges of \$155.9 million. Restructuring and other impairment charges of \$72.5 million were also recorded in 2024 following the Bank's decision to suspend the AIRB project and to reduce its leased corporate office premises.

in Toronto, as well as from the simplification of the Bank's organizational structure and headcount reduction. Refer to the Non-GAAP Financial and Other Measures of this MD&A for further details.

The efficiency ratio on a reported basis decreased to 76.3% for the year ended October 31, 2025, compared with 96.1% for the year ended October 31, 2024. The decrease compared to the prior year is mainly due to lower impairment and restructuring charges recorded in 2025, as described above. The adjusted efficiency ratio increased to 75.2% for the year ended October 31, 2025, compared with 73.8% for the year ended October 31, 2024, mainly as a result of lower total revenue.

TABLE 9
NON-INTEREST EXPENSES

In thousands of dollars, except percentage amounts	2025	2024	Variance 2025/2024
Salaries and employee benefits			
Salaries	\$ 243,206	\$ 248,294	
Performance-based compensation	68,855	72,173	
Employee benefits	68,528	68,415	
	380,589	388,882	(2)%
Premises and technology			
Technology costs	148,473	138,108	
Depreciation and amortization	46,500	48,385	
Rent and property taxes	10,619	13,337	
Other	5,505	5,754	
	211,097	205,584	3%
Other expenses			
Professional and advisory services	63,214	50,129	
Advertising, business development and travel	27,271	28,490	
Communications	10,844	11,946	
Other	46,176	65,425	
	147,505	155,990	(5)%
Impairment and restructuring charges			
Restructuring and other impairment charges	10,899	72,483	
P&C Banking segment impairment charges	—	155,933	
	10,899	228,416	n.m.
Non-interest expenses	\$ 750,090	\$ 978,872	(23)%
Adjusted non-interest expenses ⁽¹⁾	\$ 739,191	\$ 740,670	—%

(1) This is a non-GAAP financial measure. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

INCOME TAXES

For the year ended October 31, 2025, the income tax expense was \$32.7 million, and the effective income tax rate was 18.9%. The lower effective income tax rate, compared to the statutory income tax rate, is attributed to a lower taxation level of income from foreign operations. For the year ended October 31, 2024, the income tax recovery was \$16.7 million, and the effective income tax rate was 75.2%. The higher effective income tax rate, compared to the statutory income tax rate, is attributed to the non-deductible goodwill impairment charge, partially offset by a lower taxation level on income from foreign operations. Note 18 to the Consolidated Financial Statements provides additional information on income taxes.

TRANSACTIONS WITH RELATED PARTIES

Related parties of the Bank consist of key management personnel and their close family members, as well as their related companies. Key management personnel consist of members of the Executive Committee and/or the Bank's Board of Directors (the "Board" or "Board of Directors").

Loans to key management personnel are granted under market conditions for similar risks and are initially measured at fair value. Loans to key management personnel consist mostly of term residential mortgage loans, as well as personal loans, at market rates less a discount based on the type and amount of the loan. These loans to key management personnel were negligible as at October 31, 2025 and 2024.

In the normal course of business, the Bank also provides usual banking services to key management personnel and their related entities, including bank accounts (deposits) under terms similar to those offered to arm's length parties. These deposits were negligible as at October 31, 2025 and 2024. See Note 20 to the Consolidated Financial Statements for additional information on related party transactions.

OVERVIEW OF FISCAL 2024

Laurentian Bank of Canada reported a net loss of \$5.5 million and a diluted loss per share of \$0.41 for the year ended October 31, 2024, compared with net income of \$181.1 million and diluted earnings per share of \$3.89 for the year ended October 31, 2023. Return on common shareholders' equity was negative 0.7% for the year ended October 31, 2024, compared with 6.6% in 2023. Of note, reported results for the year ended October 31, 2024 included impairment and restructuring charges of \$228.4 million (\$179.0 million after income taxes), or \$4.09 per share, related to the restructuring of the Bank's operations and to the impairment of the P&C Banking segment. Adjusted net income was \$168.7 million and adjusted diluted earnings per share were \$3.57 for the year ended October 31, 2024, compared with \$208.3 million and \$4.52 diluted per share in 2023. Adjusted return on common shareholders' equity was 6.1% for the year ended October 31, 2024, compared with 7.7% in 2023. The CET1 capital ratio was 10.9% as at October 31, 2024, in excess of the minimum regulatory requirement and the Bank's target management levels.

In 2024, the Bank introduced a new strategic plan and remained focused on its implementation and execution in order to achieve its targets. Uncertain and challenging macroeconomic conditions and a higher rate environment continued to negatively impact the Bank's loan volumes and net interest income during the year, mainly in the inventory financing and real estate activities. Constructive financial markets contributed to higher other income in 2024, which was partly offset by lower lending fees due to tempered commercial real estate activity. The provision for credit losses in 2024 was stable compared to the prior year as the loan portfolio remained robust. Non-interest expenses remained elevated in 2024 due to investments in technology and other strategic priorities to support a stronger foundation and the Bank's path to improved digital capabilities.

ANALYSIS OF QUARTERLY RESULTS

FOURTH QUARTER OF 2025 COMPARED WITH FOURTH QUARTER OF 2024

Net income was \$31.5 million and diluted earnings per share were \$0.66 for the fourth quarter of 2025, compared with net income of \$40.7 million and diluted earnings per share of \$0.88 for the fourth quarter of 2024. Adjusted net income was \$34.2 million and adjusted diluted earnings per share were \$0.73 for the fourth quarter of 2025, compared with \$40.9 million and \$0.89 for the fourth quarter of 2024. Refer to the Non-GAAP Financial and Other Measures section for a reconciliation of non-GAAP financial measures.

Total revenue

Total revenue decreased by \$6.1 million to \$244.7 million for the fourth quarter of 2025, compared with \$250.8 million for the fourth quarter of 2024, mainly attributable to a decrease in other income, as detailed below.

Net interest income increased by \$8.8 million or 5% to \$182.7 million for the fourth quarter of 2025, compared with \$173.9 million for the fourth quarter of 2024. This growth was primarily driven by favourable shifts in the Bank's business mix and growth of average earning assets. The net interest margin was 1.79% for the fourth quarter of 2025, an increase of 2 basis points compared with the fourth quarter of 2024, primarily for the same underlying reasons.

Other income decreased by \$14.8 million to \$62.1 million for the fourth quarter of 2025, compared with \$76.9 million for the fourth quarter of 2024. The decrease was mainly due to a \$14.0 million gross profit related to the sale of assets under administration of LBS' retail full-service investment broker division recorded in the fourth quarter of 2024. Other income categories remained relatively stable year-over-year for the fourth quarter.

Provision for credit losses

The provision for credit losses was \$18.0 million for the fourth quarter of 2025, compared with \$10.4 million for the fourth quarter of 2024, representing an increase of \$7.6 million. This increase primarily reflects higher provisions on impaired loans partly offset by higher releases on performing loans. The provision for credit losses as a percentage of average loans was 20 basis points for the quarter, compared with 12 basis points for the same quarter one year ago. Refer to the "Credit risk management" section on pages 43 to 50 of this MD&A and to Note 6 to the Consolidated Financial Statements for additional information on provision for credit losses and allowances for credit losses.

Non-interest expenses

Non-interest expenses amounted to \$188.8 million for the fourth quarter of 2025, a decrease of \$5.6 million compared with the fourth quarter of 2024. Adjusted non-interest expenses increased by \$7.4 million or 4% to \$185.1 million for the fourth quarter of 2025, compared with \$177.7 million for the fourth quarter of 2024.

Salaries and employee benefits amounted to \$94.5 million for the fourth quarter of 2025, an increase of \$7.3 million compared with the fourth quarter of 2024, reflecting higher performance-based compensation and staffing investments in support of ongoing progress towards the Bank's strategic objectives.

Premises and technology costs were \$54.5 million for the fourth quarter of 2025, an increase of \$2.3 million compared with the fourth quarter of 2024. The increase year-over-year is mainly due to higher technology costs as the Bank pursues investments in its infrastructure and strategic priorities, as well as increased depreciation charges resulting from recently completed projects.

Other non-interest expenses were \$36.1 million for the fourth quarter of 2025, a decrease of \$2.5 million compared with the fourth quarter of 2024, mainly resulting from lower general operational costs, partially offset by higher professional and advisory service fees to support the Bank's strategic priorities.

Impairment and restructuring charges were \$3.7 million for the fourth quarter of 2025, compared with \$16.5 million for the fourth quarter of 2024. In the fourth quarter of 2025, impairment and restructuring charges were driven by initiatives to streamline the Bank's organizational structure, as well as from revised estimates related to lease contracts for corporate office premises. In the fourth quarter of 2024, restructuring charges of \$16.5 million related to the simplification of the Bank's organizational structure and headcount reduction.

Efficiency ratio

The efficiency ratio on a reported basis decreased to 77.2% for the fourth quarter of 2025, compared with 77.5% for the fourth quarter of 2024. The decrease compared to the prior year is primarily due to lower impairment and restructuring charges related to organizational simplification and headcount reduction undertaken in 2024. The adjusted efficiency ratio increased to 75.6% for the fourth quarter of 2025, compared with 75.0% for the fourth quarter of 2024, for reasons highlighted in the analysis above.

Income taxes

For the fourth quarter of 2025, the income tax expense was \$6.4 million, and the effective income tax rate was 16.8%. For the fourth quarter of 2024, the income tax expense was \$5.2 million, and the effective income tax rate was 11.4%. For both quarters, the lower effective income tax rate, compared to the statutory income tax rate, is attributed to a lower taxation level on income from foreign operations.

QUARTERLY RESULTS AND TREND ANALYSIS

The Bank's intermediation business provides a relatively steady source of income stemming from intermediation activities. However, certain activities related to financial markets, such as trading activities, may result in more volatility. In addition, variations in market interest rates or equity markets, as well as in credit conditions can influence the Bank's results. Furthermore, other specific transactions or regulatory developments may significantly impact revenues and expenses. Given that the second quarter usually consists of only 89 days (90 days in 2024) compared with 92 days for the other quarters, overall profitability is generally lower for that quarter, mainly as net interest income is impacted.

TABLE 10

QUARTERLY RESULTS

In thousands of dollars, except per share and percentage amounts	2025				2024			
	Oct. 31	July 31	April 30	Jan. 31	Oct. 31	July 31	April 30	Jan. 31
Net interest income	\$182,657	\$185,879	\$182,181	\$186,207	\$173,878	\$180,764	\$179,611	\$185,254
Other income	62,053	60,930	60,335	63,430	76,893	75,739	72,983	73,087
Total revenue	244,710	246,809	242,516	249,637	250,771	256,503	252,594	258,341
Provision for credit losses	18,039	11,128	16,693	15,175	10,440	16,283	17,931	16,898
Non-interest expenses	188,840	189,759	184,518	186,973	194,458	200,239	386,341	197,834
Income (loss) before income taxes	37,831	45,922	41,305	47,489	45,873	39,981	(151,678)	43,609
Income taxes (recovery)	6,350	8,459	8,976	8,888	5,212	5,877	(34,131)	6,326
Net income (loss)	\$ 31,481	\$ 37,463	\$ 32,329	\$ 38,601	\$ 40,661	\$ 34,104	\$(117,547)	\$ 37,283
Adjusted net income ⁽¹⁾	\$ 34,232	\$ 39,604	\$ 33,962	\$ 39,448	\$ 40,945	\$ 43,052	\$ 40,512	\$ 44,153
Operating performance								
Diluted earnings (loss) per share	\$ 0.66	\$ 0.73	\$ 0.69	\$ 0.76	\$ 0.88	\$ 0.67	\$ (2.71)	\$ 0.75
Adjusted diluted earnings per share ⁽²⁾	\$ 0.73	\$ 0.78	\$ 0.73	\$ 0.78	\$ 0.89	\$ 0.88	\$ 0.90	\$ 0.91
Return on common shareholders' equity ⁽²⁾	4.6 %	5.0 %	4.9 %	5.2 %	6.2 %	4.7 %	(18.6)%	5.0 %
Adjusted return on common shareholders' equity ⁽²⁾	5.0 %	5.4 %	5.2 %	5.3 %	6.2 %	6.2 %	6.1 %	6.0 %
Net interest margin ⁽³⁾	1.79 %	1.82 %	1.85 %	1.85 %	1.77 %	1.79 %	1.80 %	1.80 %
Efficiency ratio ⁽³⁾	77.2 %	76.9 %	76.1 %	74.9 %	77.5 %	78.1 %	152.9 %	76.6 %
Adjusted efficiency ratio ⁽²⁾	75.6 %	75.7 %	75.2 %	74.3 %	75.0 %	73.3 %	73.8 %	73.0 %

(1) This is a non-GAAP financial measure. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

(2) This is a non-GAAP ratio. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

(3) This is a supplementary financial measure. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

Trend analysis

Net interest income

Net interest income generally increased over the last two years, mainly from higher interest income from favourable shifts in the Bank's business mix. For both years, net interest income was lower in the second quarter, primarily due to fewer calendar days in the quarter, notably three fewer days in 2025 and two fewer days in 2024.

Other income

Other income decreased year-over-year, driven by a downward trend throughout 2025, following relative stability in 2024. Income from financial instruments trended higher as a result of more favourable market conditions, partially offset by decreasing lending fees due to tempered economic activity. In addition, other income in the fourth quarter of 2024 included a \$14.0 million gross profit related to the sale

of assets under administration of LBS' retail full-service investment broker division. In 2025, other income decreased due to a reduction in fees and securities brokerage commissions following the aforementioned divestiture.

Provision for credit losses

The provision for credit losses is comprised of provisions for performing loans and provisions for impaired loans. The provision for performing loans fluctuated over 2024 and 2025 as it is impacted by changes in credit quality, macroeconomic conditions and exposures. The provision for impaired loans is impacted by credit migration, mostly in commercial loans, and has generally trended upwards mid-2024 and in the second half of 2025.

Non-interest expenses

Non-interest expenses increased over 2024, driven by inflationary pressures and continued investments in infrastructure, strategic initiatives, and customer experience enhancements. Impairment and restructuring charges of \$228.4 million in 2024 also impacted the level of non-interest expenses, including \$156.0 million in the second quarter of 2024 related to the impairment of the P&C Banking segment and \$72.5 million of restructuring and other impairment charges incurred throughout the year. In 2025, reported non-interest expenses decreased by \$228.8 million, reflecting the decrease of restructuring and impairment charges described previously, as well as operational efficiencies achieved through workforce optimization, together with the Bank's divestiture of assets under administration from LBS' discount brokerage division and LBS' retail full-service investment broker division. Adjusted non-interest expenses also decreased, supported by reductions in salaries and employee benefits, consistent with ongoing efforts to streamline operations and improve cost discipline.

TABLE 11
RECONCILIATION OF QUARTERLY NON-GAAP FINANCIAL MEASURES

In thousands of dollars	2025				2024			
	Oct. 31	July 31	April 30	Jan. 31	Oct. 31	July 31	April 30	Jan. 31
Total revenue	\$ 244,710	\$ 246,809	\$ 242,516	\$ 249,637	\$ 250,771	\$ 256,503	\$ 252,594	\$ 258,341
Adjusting items ⁽¹⁾ , before income taxes								
Profit on sale of assets under administration	—	—	—	(875)	(13,959)	—	—	—
Adjusted total revenue	\$ 244,710	\$ 246,809	\$ 242,516	\$ 248,762	\$ 236,812	\$ 256,503	\$ 252,594	\$ 258,341
Non-interest expenses	\$ 188,840	\$ 189,759	\$ 184,518	\$ 186,973	\$ 194,458	\$ 200,239	\$ 386,341	\$ 197,834
Adjusting items ⁽¹⁾ , before income taxes								
Restructuring and other impairment charges	3,741	2,909	2,222	2,027	16,463	9,112	40,832	6,076
P&C Banking segment impairment charges	—	—	—	—	—	—	155,933	—
Amortization of acquisition-related intangible assets	—	—	—	—	333	3,007	3,229	3,217
	3,741	2,909	2,222	2,027	16,796	12,119	199,994	9,293
Adjusted non-interest expenses	\$ 185,099	\$ 186,850	\$ 182,296	\$ 184,946	\$ 177,662	\$ 188,120	\$ 186,347	\$ 188,541
Reported net income (loss)	\$ 31,481	\$ 37,463	\$ 32,329	\$ 38,601	\$ 40,661	\$ 34,104	\$ (117,547)	\$ 37,283
Adjusting items ⁽¹⁾ , net of income taxes								
Profit on sale of assets under administration	—	—	—	(643)	(12,110)	—	—	—
Restructuring and other impairment charges	2,751	2,141	1,633	1,490	12,145	6,700	30,020	4,468
P&C Banking segment impairment charges	—	—	—	—	—	—	125,629	—
Amortization of acquisition-related intangible assets	—	—	—	—	249	2,248	2,410	2,402
	2,751	2,141	1,633	847	284	8,948	158,059	6,870
Adjusted net income	\$ 34,232	\$ 39,604	\$ 33,962	\$ 39,448	\$ 40,945	\$ 43,052	\$ 40,512	\$ 44,153
Net income (loss) available to common shareholders	\$ 29,545	\$ 32,214	\$ 30,393	\$ 33,352	\$ 38,725	\$ 29,503	\$ (118,835)	\$ 32,682
Adjusting items, net of income taxes (detailed above)	2,751	2,141	1,633	847	284	8,948	158,059	6,870
Adjusted net income available to common shareholders	\$ 32,296	\$ 34,355	\$ 32,026	\$ 34,199	\$ 39,009	\$ 38,451	\$ 39,224	\$ 39,552

(1) Refer to Table 2 on page 20 for a detailed description of adjusting items.

ANALYSIS OF FINANCIAL CONDITION

TABLE 12
CONDENSED BALANCE SHEET⁽¹⁾

In thousands of dollars	2025		2024	
Assets				
Cash and deposits with banks	\$	1,315,519	\$	1,497,591
Securities		7,779,946		6,099,634
Securities purchased under reverse repurchase agreements		4,007,686		3,568,490
Liquid assets ⁽²⁾		13,103,151		11,165,715
Loans, net of allowances		35,837,910		35,069,153
Other assets		1,206,635		1,166,422
	\$	50,147,696	\$	47,401,290
Liabilities and Shareholders' Equity				
Deposits	\$	23,998,594	\$	23,163,954
Other liabilities		8,883,679		7,585,602
Debt related to securitization activities		14,052,700		13,496,457
Subordinated debt		330,903		326,793
Shareholders' equity		2,881,820		2,828,484
	\$	50,147,696	\$	47,401,290

(1) Certain comparative figures have been reclassified to conform to the current year presentation.

(2) Liquid assets as presented on the balance sheet is a supplementary financial measure and consist of cash, deposits with banks, securities and securities purchased under reverse repurchase agreements.

As at October 31, 2025, total assets amounted to \$50.1 billion, a 6% increase compared with \$47.4 billion as at October 31, 2024 mostly due to the higher level of liquid assets, notably securities, and higher loans.

Liquid assets

As at October 31, 2025, liquid assets as presented on the balance sheet amounted to \$13.1 billion, an increase of \$1.9 billion compared with \$11.2 billion as at October 31, 2024. The Bank continues to prudently manage its level of liquid assets. The Bank's funding sources remain well diversified and sufficient to meet all liquidity requirements. Liquid assets represented 26% of total assets as at October 31, 2025, compared with 24% as at October 31, 2024.

Loans

Loans, net of allowances, stood at \$35.8 billion as at October 31, 2025, an increase of \$0.8 billion since October 31, 2024. Commercial loans amounted to \$17.9 billion as at October 31, 2025, an increase of \$1.3 billion or 8% since October 31, 2024 from our growth engines, namely commercial real estate, inventory financing and equipment financing. Personal loans, which amounted to \$2.0 billion as at October 31, 2025, decreased by \$0.1 billion from October 31, 2024, mainly as a result of a decline in the investment loan portfolio, reflecting the impact of continued market volatility and high interest rates. Residential mortgage loans of \$16.1 billion as at October 31, 2025 decreased by \$0.4 billion or 2% from October 31, 2024, mainly due to slower housing market activity.

Other assets

Other assets stood at \$1.2 billion as at October 31, 2025, relatively unchanged compared with October 31, 2024.

Deposits

Deposits increased by \$0.8 billion to \$24.0 billion as at October 31, 2025, compared with \$23.2 billion as at October 31, 2024. Personal deposits stood at \$21.2 billion as at October 31, 2025, an increase of \$1.5 billion compared with \$19.7 billion as at October 31, 2024. Of note, deposits from advisors and brokers increased by \$2.6 billion and personal notice and demand deposits from partnerships decreased by \$0.9 billion from October 31, 2024. Personal deposits represented 88% of total deposits as at October 31, 2025, compared with 85% as at October 31, 2024, and contributed to the Bank's sound liquidity position. Business and other deposits decreased by \$0.7 billion over the same period to \$2.8 billion as at October 31, 2025.

Other liabilities

Other liabilities stood at \$8.9 billion as at October 31, 2025, an increase of \$1.3 billion since October 31, 2024, primarily driven by higher obligations related to trading activities.

Debt related to securitization activities

Debt related to securitization activities increased by \$0.6 billion or 4% compared with October 31, 2024 and stood at \$14.1 billion as at October 31, 2025. During the year, new issuances of cost-effective long-term debt related to securitization activities more than offset maturities of liabilities, as well as normal repayments.

Subordinated debt

Subordinated debt stood at \$0.3 billion as at October 31, 2025 unchanged from October 31, 2024. Subordinated debt is an integral part of the Bank's regulatory capital and affords its depositors additional protection, as further detailed in the Capital Management section below.

Shareholders' equity

Shareholders' equity stood at \$2.9 billion as at October 31, 2025 and increased by \$53.3 million compared with October 31, 2024. Retained earnings increased by \$44.5 million compared to October 31, 2024, mainly as a result of the sum of the annual net income contribution of \$139.9 million, partly offset by dividends and other distributions. Accumulated other comprehensive income decreased by \$9.1 million compared to October 31, 2024. For additional information, please refer to the Capital Management section below and to the Consolidated Statement of Changes in Shareholders' Equity for the year ended October 31, 2025.

The Bank's book value per common share was \$57.67 as at October 31, 2025 compared to \$57.36 as at October 31, 2024.

OFF-BALANCE SHEET ARRANGEMENTS AND STRUCTURED ENTITIES

In the normal course of its operations, the Bank uses structured entities to securitize or transfer financial assets, as detailed below. The Bank also enters into several arrangements that, under IFRS, are either not recorded on the Bank's balance sheet or are recorded in amounts that differ from the notional amounts. In particular, the Bank administers clients' assets that are not reported on the balance sheet. Moreover, off-balance sheet arrangements include derivatives, as well as credit commitments and guarantees, as detailed below.

OFF-BALANCE SHEET ARRANGEMENTS

Assets under administration

Assets under administration mainly include assets of clients to whom the Bank provides various administrative services, such as retail and institutional investment portfolios. Table 13 below summarizes assets under administration. As at October 31, 2025 these items totalled \$25.5 billion, up \$0.8 billion or 3% compared with October 31, 2024. Fees, commissions and other types of income related to these assets contribute to the Bank's profitability, as detailed in the Analysis of Consolidated Results section above.

TABLE 13
ASSETS UNDER ADMINISTRATION⁽¹⁾

In thousands of dollars	2025	2024
Registered and non-registered investment accounts	\$ 18,611,001	\$ 17,705,905
Mutual funds	3,637,959	3,301,072
Clients' brokerage assets	2,166,167	2,262,855
Loans under administration	1,006,549	1,383,465
Other	37,209	41,020
Assets under administration	\$ 25,458,885	\$ 24,694,317

(1) This is a supplementary financial measure. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

Assets under administration related to registered and non-registered investment accounts were up by \$0.9 billion or 5% year-over-year, mostly reflecting higher market values of underlying investments.

Mutual fund assets under administration, mainly composed of the preferred series of LBC-Mackenzie mutual funds, increased by \$0.3 billion or 10% year-over-year, also as a result of higher market values of underlying investments.

Clients' brokerage assets decreased by \$0.1 billion or 4% year-over-year due to the sale in the fourth quarter of 2024 of LBS' retail full-service investment broker division.

Loans under administration, which primarily include syndication activities, loans administered on behalf of third parties, and derecognized securitized mortgage loans declined by \$0.4 billion, reflecting lower activity levels and reduced volumes in this area of business.

Derivative contracts

In the normal course of its operations, the Bank enters into various derivative contracts to protect itself against the risk of fluctuations in interest rates, foreign exchange rates, as well as stock prices and indices on which returns of index-linked deposits are based. Derivative contracts are also used to meet clients' requirements and generate revenues from trading activities.

All derivatives are recorded on the balance sheet at fair value. Derivative values are calculated using notional amounts. However, these amounts are not recorded on the balance sheet, as they do not represent the actual amounts exchanged. Likewise, notional amounts do not reflect the credit risk related to derivatives, although they serve as a reference for determining the amount of cash flows to be exchanged. The notional amounts of the Bank's derivatives totalled \$28.0 billion as at October 31, 2025 with a net positive fair value of \$3.3 million.

Notes 21 to 24 to the Consolidated Financial Statements provide further information on the various types of derivative products and their recognition in the Consolidated Financial Statements.

Credit commitments and guarantees

In the normal course of its operations, the Bank enters into various off-balance sheet credit instruments to meet the financing needs of its clients and earn fee income. These instruments may expose the Bank to liquidity and credit risk and are subject to adequate risk management. Table 18 details the maximum amount of additional credit that the Bank could be required to extend if the commitments were fully used. In the normal course of its operations, the Bank also enters into guarantee agreements such as standby letters of credit and performance guarantees to support its clients.

Table 14 below details the Bank's credit commitments and guarantees. Note 26 to the Consolidated Financial Statements also provides additional information.

TABLE 14
CREDIT COMMITMENTS AND GUARANTEES

In thousands of dollars	2025	2024
Undrawn amounts under approved credit facilities ⁽¹⁾	\$ 3,946,915	\$ 3,766,370
Standby letters of credit and performance guarantees	197,244	215,884
Documentary letters of credit	5,518	6,303

(1) Excluding credit facilities revocable at the Bank's option totalling \$9.6 billion as at October 31, 2025 (\$9.4 billion as at October 31, 2024).

STRUCTURED ENTITIES

Securitization

The Bank uses structured entities to securitize residential mortgage loans, finance lease receivables and personal investment loans in order to optimize and diversify sources of funding and to enhance its liquidity position. The Bank consolidates certain of the intermediary structured entities when it has control over the entities and underlying assets, whereas certain structured entities are not consolidated when the Bank does not have control. The Bank sells mortgage loans through the Canada Mortgage Bond (CMB) program and to third-party investors under the National Housing Act (NHA) Mortgage-Backed Securities (MBS) program set-up by the Canada Mortgage and Housing Corporation ("CMHC"), as well as through other third-party multi-seller conduits set up by Canadian banks. Notes 7 and 13 to the Consolidated Financial Statements provide additional information on these transactions. The Bank does not act as an agent for clients engaged in this type of activity and has no other significant involvement, such as liquidity and credit enhancement facilities, with any other securitization conduit.

Covered bonds

In 2021, the Bank received approval from the CMHC to establish a \$2.0 billion legislative covered bond programme ("Programme") pursuant to Canadian Registered Covered Bond Programs Guide. The Bank periodically transfers mortgages to LBC Covered Bond (Legislative) Guarantor Limited Partnership (the Guarantor LP) to support funding activities and asset coverage requirements under the Programme. The Guarantor LP was created to guarantee payment of the principal and interest owed to the bondholders. The covered bonds guaranteed by the Guarantor LP are direct, unsecured and unconditional obligations of the Bank; therefore, investors have a claim against the Bank which will continue if the covered bonds are not paid by the Bank and the mortgage assets in the Guarantor LP are insufficient to satisfy the obligations owing on the covered bonds. Note 7 to the Consolidated Financial Statements provides additional information on the Programme.

CAPITAL MANAGEMENT

CAPITAL MANAGEMENT FRAMEWORK

Management seeks to maintain an adequate level of capital that considers the Bank's targeted capital ratios and internal assessment of required capital that is aligned with the Bank's risk appetite, strategic plan and shareholders' expectations.

In order to achieve these objectives, the Bank leverages its capital management framework. This framework is underpinned by the Bank's Capital Management and Adequacy Policy which outlines the mechanisms for capital planning, management and adequacy assessment. A key component of the capital management framework, the Internal Capital Adequacy Assessment Process (ICAAP) evaluates capital adequacy relative to the Bank's risk profile and establishes the appropriate capital level for the year ahead. In setting its capital targets, management considers the ICAAP which takes into account results from the integrated stress tests using severe scenarios, as well as its assessment of the Bank's risk exposures using a building block approach wherein capital is assigned to each risk component. Both approaches rely on the Bank's risk registry to ensure all material risks are considered.

The capital targets established through the ICAAP set the minimum requirements incorporated in the Bank's Capital Plan.

Various bodies within the organization are involved in optimizing the Bank's capital.

- The *Board of Directors* annually approves the Capital Management and Adequacy Policy, the Capital Plan, as well as the Business Plan and Multi-Year Financial Plan.
- The *Risk Management Committee of the Board of Directors* reviews and approves, annually, capital-related documents, including the ICAAP and the integrated stress testing program. It also reviews the overall capital adequacy of the Bank on a quarterly basis.
- The *Corporate Risk Committee*, mandated by the Executive Committee, reviews the Bank's capital adequacy under internal and external measures and approves risk management processes and approaches supporting this objective.
- The *Asset-Liability Management Committee*, mandated by the Corporate Risk Committee, monitors regulatory capital ratios on a monthly basis.
- *Corporate Risk Management* provides oversight of the Bank's capital management framework. This includes monitoring capital limits and adequacy, developing and implementing the Capital Management and Adequacy Policy, the ICAAP and the integrated stress testing exercise, as well as measuring regulatory capital ratios.
- *Corporate Finance* annually develops the Business Plan which includes the Multi-Year Financial Plan and the Capital Plan. It is also responsible for managing capital and updating the Capital Plan on an ongoing basis. In addition, Corporate Finance has responsibility for maintaining compliance with regulatory capital adequacy requirements for each of the subsidiaries.

REGULATORY CAPITAL

The Office of the Superintendent of Financial Institutions (OSFI) requires banks to meet minimum risk-based capital ratios drawn on the Basel Committee on Banking Supervision (BCBS) capital framework, commonly referred to as the Basel III Accord. Under OSFI's guideline, minimum Common Equity Tier 1 (CET1), Tier 1 and Total capital ratios are set at 7.0%, 8.5% and 10.5% respectively including a 2.5% capital conservation buffer. For additional information on the three types of capital and ratios definitions, see the Glossary on page 71 of this MD&A. Institutions are expected to meet minimum risk-based capital requirements for exposure to credit risk, operational risk and, where they are internationally active, market risk.

The Basel III Accord also introduced a non-risk-based leverage ratio requirement to act as a supplementary measure to the risk-based capital requirements. Under OSFI's Leverage Requirements Guideline, federally regulated deposit-taking institutions are expected to maintain a Basel III leverage ratio that always meets or exceeds 3%. For additional information on the leverage ratio definition, see the Glossary on page 71 of this MD&A.

Some banks in Canada have been designated by OSFI as Domestic Systemically Important Banks (D-SIBs). Under this designation, these banks must hold a further 1% of Common Equity Tier 1 capital. OSFI also required D-SIBs to hold a Pillar 2 Domestic Stability Buffer (DSB) to protect against risks associated with systemic vulnerabilities. In June 2025, OSFI announced that the Domestic Stability Buffer (DSB) will remain at 3.5% of total risk-weighted assets, a level first announced in June 2023 and in effect since November 1, 2023. As the Bank has not been designated as a D-SIB, these measures do not apply to the Bank.

The Basel III Accord suggests a range of approaches of varying complexity, the choice of which determines the sensitivity of capital to risks. The Bank is using the less complex Standardized Approach, which relies on regulatory weightings, while other larger banks generally use the more complex AIRB approach which uses internal estimates of risk components to establish risk-weighted assets and calculate regulatory capital. In the context of its revamped strategic plan and priorities, the Bank made the decision in April 2024 to suspend the AIRB project and to focus on the priorities of its strategic plan announced in May 2024.

Regulatory capital developments

During the year ended October 31, 2025, there have been no final regulatory capital changes materially affecting the Bank's capital framework.

On September 11, 2025, OSFI published revisions to the Capital Adequacy Requirements (CAR) guideline for 2026, effective November 1, 2025 for the Bank, incorporating changes to risk-based capital treatment (including adjustments for residential real estate exposures and combined loan products). OSFI also deferred previously planned increases to the Basel III Standardized Capital Output Floor, maintaining the calibration at 67.5% until further notice. The Bank's assessment indicates no impact on regulatory capital ratios or infrastructure needs.

In addition, on September 11, 2025, OSFI expanded its Model Risk Management guideline (E-23) to reinforce governance expectations around model risk management. While recent updates include provisions for AI and machine-learning models, the broader enhancements focus on strengthening governance frameworks for all risk models. OSFI now emphasizes enhanced oversight by senior management and the board, requiring clear accountability and responsibility for model risk management. The guideline expansion, which will become effective May 1, 2027, calls for rigorous independent model validation, comprehensive documentation, and defined escalation procedures for model deficiencies. These updates underscore OSFI's commitment to ensuring that banks maintain robust controls over model risk, supporting sound decision-making and regulatory compliance. The Bank does not foresee any changes to its governance practices.

On November 20, 2025, OSFI launched a public consultation on proposed revisions to the CAR guideline for 2027, effective November 1, 2026 for the Bank. The draft includes adjustments to risk weights for certain asset classes, such as residential land development and SME exposures, and refinements to market risk treatment under the standardized approach. These changes aim to better align capital requirements with underlying risk profiles. The Bank is currently evaluating potential impacts of this draft guideline on its capital ratios and risk-weighted assets.

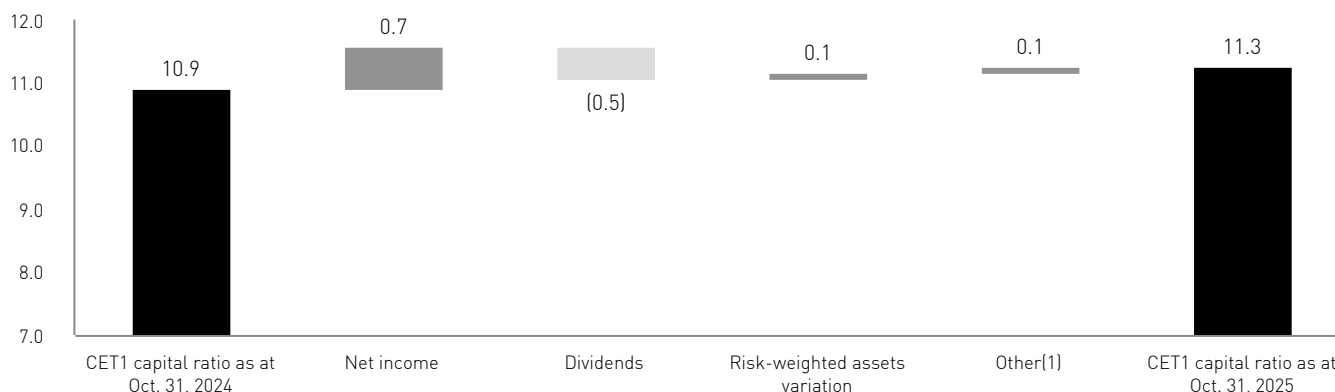
Regulatory capital ratios

The CET1 capital ratio was 11.3% as at October 31, 2025, in excess of the minimum regulatory requirement and the Bank's target management levels. The CET1 capital ratio increased by 40 basis points compared with 10.9% as at October 31, 2024, mainly due to internal capital generation, as well as from a reduction in risk-weighted assets. The Bank met OSFI's capital and leverage requirements throughout the year.

The graph below shows the change in Common Equity Tier 1 capital ratio from October 31, 2024 to October 31, 2025.

CHANGE IN COMMON EQUITY TIER 1 CAPITAL RATIO

(In percentage)



(1) Other adjustments are mainly comprised of variations in deductions from CET1 capital and accumulated other comprehensive income.

TABLE 15
REGULATORY CAPITAL AND LEVERAGE RATIOS

In thousands of dollars, except percentages	2025	2024
Regulatory capital		
Common shares	\$ 1,205,807	\$ 1,187,107
Retained earnings	1,352,215	1,307,747
Accumulated other comprehensive income	72,185	81,235
Share-based compensation reserve	5,931	6,841
Deductions from Common Equity Tier 1 capital ⁽¹⁾	(306,359)	(301,044)
Common Equity Tier 1 capital	2,329,779	2,281,886
Qualifying preferred shares and other equity instruments	245,682	245,554
Additional Tier 1 capital	245,682	245,554
Tier 1 capital	2,575,461	2,527,440
Qualifying subordinated debt	330,903	326,793
Collective allowances	112,882	134,500
Tier 2 capital	443,785	461,293
Total capital	\$ 3,019,246	\$ 2,988,733
Total risk-weighted assets	\$ 20,700,183	\$ 20,862,290
Total exposure	\$ 51,303,517	\$ 48,652,938
Capital ratios		
Common Equity Tier 1 capital ratio	11.3 %	10.9 %
Tier 1 capital ratio	12.4 %	12.1 %
Total capital ratio	14.6 %	14.3 %
Leverage ratio	5.0 %	5.2 %

(1) Comprised of deductions for software and other intangible assets, deferred tax assets excluding those arising from temporary differences, net pension plan assets, cash flow hedge reserve and other.

TABLE 16
RISK-WEIGHTED ASSETS⁽¹⁾

In thousands of dollars	2025	2024
Credit risk		
Sovereigns	\$ 158,591	\$ 119,906
Banks	639,927	710,794
Commercial real estate (CRE)	7,584,979	7,735,886
Other corporates	4,079,483	4,027,482
Subordinated debt, equity and other capital	216,458	132,426
Residential real estate (RRE)	1,877,903	2,034,480
Other retail	2,629,020	2,660,289
Defaulted exposures	416,977	343,327
Other assets	654,482	665,712
	18,257,820	18,430,302
Counterparty credit risk		
Derivatives	126,587	109,183
Securities financing transactions (SFT)	235,500	228,249
Central counterparty (CCP)	5,146	4,449
	367,233	341,881
Credit valuation adjustment (CVA) ⁽²⁾	126,588	109,188
Equity investments in funds	65,604	63,096
Securitisation exposures	—	610
Operational risk	1,882,938	1,917,213
Total	\$ 20,700,183	\$ 20,862,290

(1) To determine the appropriate risk weight, credit assessments by OSFI-recognized external credit rating agencies of Moody's and DBRS are used. Under the Standardized approach, the Bank assigns the risk weight corresponding to OSFI's standard mapping. For most of the Bank's exposures to sovereign and public sector entities, which are predominantly domiciled in Canada, these risk weights are based on Canada's AAA rating. In addition, the Bank relies on external ratings for certain rated exposures, mainly in the bank and corporate classes. For unrated exposures, mainly in the retail and corporate classes, the Bank generally applies prescribed risk weights taking into consideration certain exposure specific factors including counterparty type, exposure type and credit risk mitigation techniques employed.

(2) The Bank has elected to set its capital requirement for CVA at 100% of its Counterparty Credit Risk charge.

OUTSTANDING CAPITAL INSTRUMENTS

As at November 26, 2025, there were 5,000,000 outstanding Preferred Shares Series 13, 44,583,701 outstanding common shares and 1,436,642 outstanding stock options.

NON-VIABILITY CONTINGENT (NVCC) CAPITAL INSTRUMENTS AND OTHER BAIL-IN REGULATIONS

As required under OSFI's Capital Adequacy Requirements Guideline in accordance with Basel III, all non-common regulatory capital instruments issued by the Bank include a non-viability contingent capital (NVCC) clause. This provision requires that, in the event OSFI determines the Bank is, or is about to become, non-viable, either independently or alongside a federal public sector capital injection, such instruments will automatically convert into common shares to support the Bank's recapitalization.

The Bank's NVCC instruments include its Class A Preferred Shares Series 13, subordinated debentures due June 15, 2032, and Limited Recourse Capital Notes (LRCN) Series 1. Upon a trigger event, these instruments convert into common shares at the greater of \$5.00 or the 10-day volume-weighted average trading price of the common shares prior to the trigger. Assuming no accrued and unpaid interest or dividends, the maximum number of common shares issuable upon conversion is approximately 120 million, representing potential dilution of approximately 72.9% based on common shares outstanding as at October 31, 2025.

Separately, under the Bank Act and the Canadian Deposit Insurance Corporation (CDIC) Act, certain senior unsecured liabilities may be subject to bail-in conversion if the Bank is, or is about to become, non-viable. These bail-in rules apply independently of the NVCC regime and exclude deposits and certain prescribed liabilities. The Bank is not designated as a Domestic Systemically Important Bank (D-SIB) by OSFI and is therefore not subject to Total Loss Absorbing Capacity (TLAC) requirements.

DIVIDENDS

The Board of Directors must approve dividend payments on preferred and common shares on a quarterly basis. The declaration and payment of dividends are subject to certain legal restrictions, as explained in Note 15 to the Consolidated Financial Statements. The level of dividends declared on common shares reflects management and Board views of the Bank's financial outlook and takes into consideration market and regulatory expectations, as well as the Bank's growth objectives in its strategic plan. Table 17 summarizes dividends declared for the last three years.

TABLE 17
SHARE DIVIDENDS AND PAYOUT RATIO

In thousands of dollars, except per share and percentage amounts	2025	2024	2023
Dividends declared on preferred shares	\$ 7,745	\$ 5,801	\$ 5,154
Dividends declared per common share	\$ 1.88	\$ 1.88	\$ 1.86
Dividends declared on common shares	\$ 83,150	\$ 82,314	\$ 80,810
Dividend payout ratio ⁽¹⁾	66.3 %	n.m.	47.7 %
Adjusted dividend payout ratio ⁽²⁾	62.6 %	52.7 %	41.1 %

(1) This is a supplementary financial measure. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

(2) This is a non-GAAP ratio. Refer to the Non-GAAP Financial and Other Measures section beginning on page 20 for additional information.

On November 12, 2025, the Board of Directors declared a dividend of \$0.38725 per Preferred Share Series 13, payable on December 15, 2025 (the "Payment Date"), that will be paid out on December 16, 2025, the first business day following the Payment Date, to shareholders of record on December 8, 2025.

On December 4, 2025, the Board of Directors declared a quarterly dividend of \$0.47 per common share, payable on February 1, 2026 (the "Payment Date"), that will be paid out on February 2, 2026, the first business day following the Payment Date, to shareholders of record on January 5, 2026. This quarterly dividend is equal to the dividend declared in the previous quarter and to the dividend declared in the previous year. On December 4, 2025, the Board also determined that shares attributed under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan will be made in common shares issued from Corporate Treasury at no discount.

RISK APPETITE AND RISK MANAGEMENT FRAMEWORK

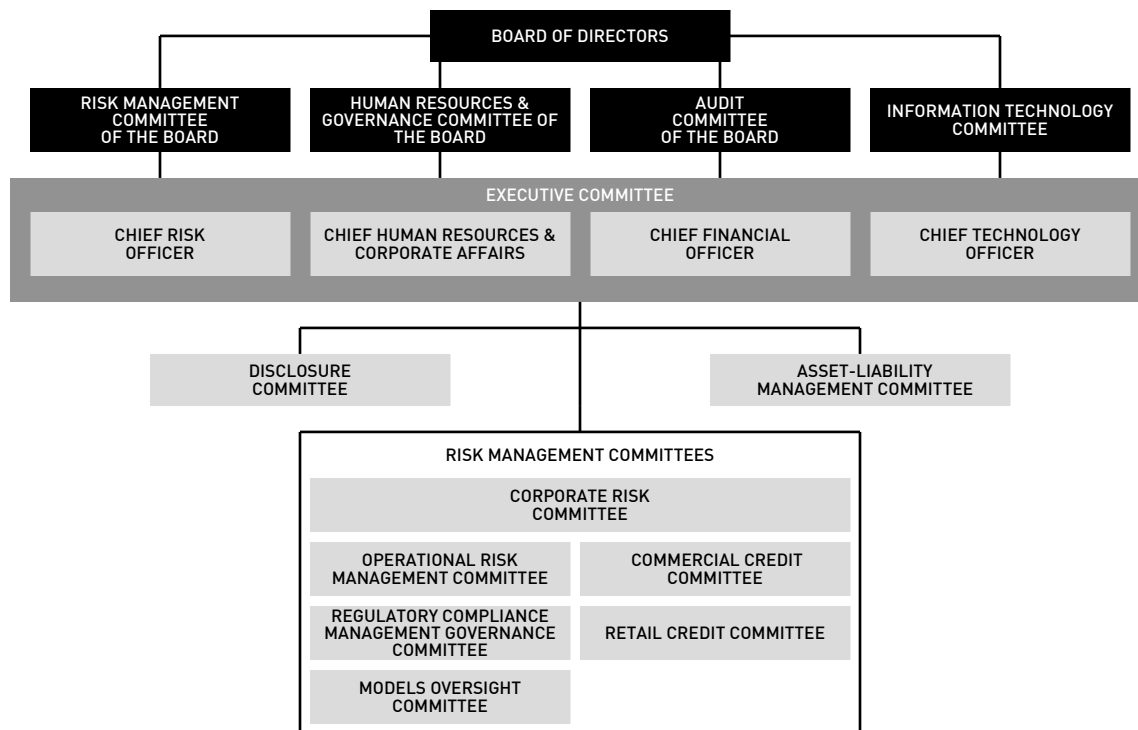
The shaded areas in the following sections of this MD&A represent a discussion on risk management policies and procedures relating to credit, market, and liquidity and funding risks as required under IFRS 7, *Financial Instruments - Disclosures*, which permits these specific disclosures to be included in the MD&A. Accordingly, these shaded areas form an integral part of the Consolidated Financial Statements for the years ended October 31, 2025 and 2024.

RISK CULTURE

The Bank's management is dedicated to promoting a risk management culture throughout the Bank. This is achieved by setting a "tone-at-the-top" that focuses on the importance of risk culture and delivering this message through a comprehensive risk governance structure and risk appetite framework. Together, these instill a sense of responsibility for risk management throughout the Bank.

RISK GOVERNANCE STRUCTURE

The Board of Directors has ultimate responsibility for risk management. Each year, the Risk Management Committee of the Board reviews the risk appetite and approves the risk management policies. It thereafter delegates to senior management the responsibility for defining their parameters and communicating and implementing them accordingly. The Executive Committee plays an active role through the Corporate Risk Committee in identifying, assessing and managing risk. Business unit managers are responsible for applying the policies and, in collaboration with Corporate Risk Management, keeping the Corporate Risk Committee informed about any changes in risk profile.



Roles and responsibilities of the Board of Directors' committees

The *Board of Directors* ensures that the Bank maintains an appropriate strategic management process that takes risk into consideration. Moreover, based on the certifications and consolidated reports prepared by management, the Board of Directors assesses annually whether the Bank's operations are carried out in an environment with appropriate and sufficient internal controls.

The *Risk Management Committee of the Board* assures whether the Framework has been properly implemented and periodically reviews its effectiveness. The Committee must also ensure that the Framework provides an appropriate risk management process for identifying, measuring, quantifying and managing risks, as well as implementing appropriate risk management policies.

The *Human Resources & Governance Committee of the Board* is constituted by the Board of Directors to support it in exercising its oversight of human resources matters. This includes oversight of compensation policies and programs, key talent management and succession frameworks, Pension plans of the Bank and its subsidiaries, and key culture and human resources strategies. The Committee is also responsible in assisting the Board in its oversight of governance matters, including oversight of CEO performance and succession planning, Board and Committees governance rules, and public disclosures.

The *Audit Committee of the Board* is responsible for assisting the Board of Directors in its oversight of the integrity of the Bank's financial reporting, the effectiveness of its internal financial controls, the qualifications, independence and performance of both the Bank's external auditors and internal audit function, and the compliance with legal and regulatory requirements.

The *Information Technology Committee of the Board* is responsible for supporting the Board of Directors in its oversight of information technology, data quality and cybersecurity matters.

Roles and responsibilities of other risk management committees of the Bank

The *Executive Committee*, chaired by the President and Chief Executive Officer, is the Bank's ultimate risk management committee. It ensures that the Risk Management Framework is properly implemented. Senior management plays an active role in identifying, assessing and managing risk and is responsible for implementing the necessary framework for the management of all material risks. In addition, the Executive Committee is responsible to carry out portfolio management governance functions, including providing recommendations to prioritize and schedule key strategic programs and projects, providing ongoing oversight of the overall health status of the portfolios and discuss underlying issues or risks.

The *Disclosure Committee*, chaired by the Chief Financial Officer, is responsible for reviewing and approving the Bank's financial information subject to public or regulatory disclosure.

The *Asset-Liability Management Committee*, chaired by the Chief Financial Officer, is responsible for evaluating the structural risks associated with the Bank's assets and liabilities. The committee provides oversight of the Bank's balance sheet risks in coordination with the Corporate Risk Committee.

The *Corporate Risk Committee*, chaired by the Chief Risk Officer, is mandated to monitor and oversee the management of all material risks of the Bank. The objective of the committee is to assist the Executive Committee in its ultimate responsibility for risk management. The Corporate Risk Committee ensures that the Bank maintains and adheres to a robust and current suit of risk policies, including a risk appetite framework, and recommends such policies for approval by the Executive Committee.

The *Operational Risk Management Committee*, chaired by the Vice President, Operational Risk, reviews the operational risk management policies and the reports on operational losses incurred. Furthermore, it reviews and approves tools for identifying and assessing the frequency and the impact of operational risks. The Operational Risk Management Committee is responsible for monitoring key operational risks including potential threats. The Operational Risk Management Committee reports into the Corporate Risk Committee.

The *Regulatory Compliance Management Governance Committee*, co-chaired by the Chief Compliance Officer and the Chief Anti-Money Laundering Officer, is responsible for the oversight of the Regulatory Compliance Management program. It is mandated to monitor and review all activities related to the regulatory risks compliance to which the Bank may be exposed. The Regulatory Compliance Management Governance Committee reports into the Corporate Risk Committee.

The *Retail and Commercial Credit Committees*, chaired by the Chief Risk Officer, are responsible for approving loans within set limits. They also review delinquency on all types of loans, supervise the impaired loan resolution process and ensure the adequacy of the provisions for credit losses. The Credit Committees report into the Corporate Risk Committee.

The *Models Oversight Committee*, chaired by the Chief Risk Officer, is responsible for the Bank's model risk management, overseeing all the stages of the model management life cycle. The Models Oversight Committee reports into the Corporate Risk Committee.

RISK MANAGEMENT FRAMEWORK

Risk management is essential for the Bank to achieve its financial objectives while keeping the Bank's risk profile within its stated risk appetite. The main objective of the Bank's Risk Management Framework (the "Framework") is to promote and maintain a strong risk management culture enterprise-wide, enabling senior management to ensure the existence of sound practices necessary for the efficient and prudent management of the Bank's operations and major risks.

The Framework defines the risk governance structure, risk management processes and major risks the Bank may encounter. The internal control structure and corporate governance that promotes sound integrated risk management is also presented in the Framework. The Framework is updated regularly to reflect the Bank's changing business environment.

The main objective of the Framework is to promote and maintain a risk management culture in the Bank's business units and subsidiaries. Other objectives of the Framework include:

- Communicate key principles which support the Bank's approach to managing risk across the organization and establish the appropriate tone for desired behaviours;
- Adopt sound and prudent risk management policies;
- Define the committees' roles and responsibilities regarding risk management;
- Ensure risk management processes align with strategic, financial and capital plans; and
- Establish processes to continuously identify, understand and assess material risks as well as internal control mechanisms.

The Framework outlines the Bank's process for identification of material risks. This process is achieved using a central risk registry that is applicable to the entire enterprise. By using a common taxonomy, the risk registry facilitates risk-related discussions throughout the Bank. Tolerances are established within the Framework for each identified material risk.

RISK APPETITE

Risk taking is a necessary part of the Bank's business. As such, its business strategies incorporate decisions regarding the risk/reward trade-offs the Bank is willing to make and the means with which it will manage and mitigate those risks. The Bank has determined a risk appetite, which is defined in the Risk Appetite Framework Policy, and continuously attempts to maintain a balance between its risk appetite and risk capacity. Risk Appetite is dynamic and may be influenced by changes in the regulatory and macroeconomic environments. The Board of Directors is responsible for the annual review and approval of the Bank's risk appetite.

Risk appetite is defined as the risk level that the organization is prepared to accept to achieve its financial and strategic objectives. It is defined by business niche, type and level of risk, performance objectives, capital, liquidity, and external ratings. It is achieved through the imposition of limits and thresholds on various key risk indicators to ensure that the Bank's risk profile remains in line with its risk appetite.

Main objectives of the Risk Appetite Framework include:

- Communicate the Bank's expectations regarding acceptable risk levels in the pursuit of its strategic and business objectives; and
- Align with the Bank's strategic, financial and capital plans to ensure coherence between the processes.

INTEGRATED STRESS TESTING PROGRAM

Stress testing is a risk management technique that helps the Bank understand and assess its vulnerability and resilience to exceptional but plausible events. As a forward-looking tool, stress testing complements other quantitative risk management techniques and is used by senior management for strategic decision making. Stress testing is a fundamental part of the Bank's risk management and risk appetite framework and is incorporated in the Bank's ICAAP. As such, it helps in setting and achieving internal capital targets that are consistent with the Bank's strategic plan, risk profile and operating environment.

In developing scenarios, the Bank's enterprise-wide stress testing program brings together the views of experts from various departments, including Economic Research, Corporate Finance, Corporate Treasury and Corporate Risk Management. These experts evaluate scenarios that display a range of severities, including scenarios that challenge the viability of the Bank (reverse stress testing).

The Corporate Risk Committee oversees the execution of the stress testing program, including the design of scenarios and contingency planning. The results are reviewed by the Corporate Risk Committee and presented to the Board, which is responsible for the overall stress testing program.

CRISIS RECOVERY PLAN

The Bank maintains a Crisis Recovery Plan that describes a range of actions to be taken in the event of a financial stress: capital or liquidity situations. The primary goal of such a Plan is to develop a list of possible actions that would enable the Bank to respond promptly to a wide range of internal and external stresses, to return to normal operating conditions as fast as possible and maintain the confidence of its stakeholders. This Plan is reviewed and approved annually by the Board of Directors.

FUNCTIONS SUPPORTING RISK MANAGEMENT

The following table presents the Bank's corporate control, which includes several governance functions designed to enhance risk management. The corporate functions are designed in respect of the "three lines of defence" model. This corporate control is divided into three distinct areas: operations, control environment and internal audit:

- **Operations** are key to risk management as business unit managers take risks and are accountable for their ongoing management. Business unit managers are on the front lines to identify and actively manage risks by applying the risk policies and implementing controls and risk mitigation measures. They are the first line of defence.
- The **Control Environment** hinges on five functions: risk management, legal and regulatory compliance risk management, financial certification, human resources and strategic planning. Together these groups provide independent oversight, effective challenge, and independent assessment of risk management practices. The risk management, legal and regulatory compliance management, and select corporate functions constitute the second line of defence of the Bank.
- The **Internal Audit** function also plays a key role as a third line of defence. It is responsible for implementing and maintaining a reliable and comprehensive system to adequately monitor the effectiveness of controls exercised within the different Framework functions.

In addition, regulatory and statutory requirements are an integral part of the Bank's Framework.

OPERATIONS (FIRST LINE OF DEFENCE)	CONTROL ENVIRONMENT (SECOND LINE OF DEFENCE)	INTERNAL AUDIT (THIRD LINE OF DEFENCE)
<p align="center">Business activities and corporate functions</p> <ul style="list-style-type: none"> - Policy implementation - Risk identification, detection and management - Disclosure of risks and losses - Control implementation - Business continuity plans - Application of the regulatory risk management framework 	<p align="center">Risk management and oversight functions</p> <ul style="list-style-type: none"> - Designing and developing policies and frameworks - Determining risk management thresholds - Development of risk measurement and self-assessment tools - Risk reporting and disclosure - Assessment of business continuity plans - Independent review of risk management practices. 	<p align="center">Independent assurance function</p> <ul style="list-style-type: none"> - Providing an independent assurance to the Executive Committee and to the Board of Directors on the effectiveness of risk management practices

RISK MANAGEMENT PROCESS

The Bank's risk management processes are closely tied to the strategic planning process from which the Bank's strategic and business plans are derived. These processes converge during the development of the Bank's integrated financial plan. Policies approved by the Board are implemented by the business units and their application is monitored by the appropriate risk management committees.

Risk management is carried out across departments by various business unit managers who actively oversee the management of risks related to their activities, as well as by risk management and internal control professionals.

CREDIT RISK MANAGEMENT

Credit risk

Credit risk is the risk of a financial loss occurring if a counterparty (including a debtor, an issuer or a guarantor) in a transaction fails to fully honour its contractual or financial obligations towards the Bank.

Credit risk management

Credit risk management is independent of operations, thus protecting the independence and integrity of risk assessment.

The Credit Committees and the Corporate Risk Committee are responsible for operational oversight of overall credit risk management. The Chief Risk Officer report, presented quarterly to the Executive Committee and to the Risk Management Committee of the Board, provides a summary of key information on credit risks. The credit risk management policies adopted by the Bank provide for appropriate risk assessments. These policies cover approval of credit applications by authority level, assignment of risk ratings, management of impaired loans, establishment of individual and collective allowances, and risk-based pricing. The policies are periodically reviewed and approved by the Risk Management Committee of the Board.

Through its Credit Risk Management Department, the Bank monitors its credit portfolios on a qualitative and quantitative basis through: (i) mechanisms and policies governing the review of the various types of files; (ii) risk rating systems; and (iii) pricing analysis.

The Bank uses expert systems to support the decision-making process for most underwriting of consumer credit, residential mortgage loans and credit cards, as well as for small commercial loans. Regarding commercial loans, applications are also analyzed on a case-by-case basis by specialized teams.

The Bank has various risk management tools at its disposal. For commercial loans, these namely include a 19-level risk rating scale used to evaluate credit risk (probability of default). Above a specific rating, files are under credit watch and are managed per specific procedures. Regarding portfolio quality, a loan or a group of loans are impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and that has an impact on the estimated future cash flows of the loan or a group of loans that can be reliably estimated.

The Bank's risk management framework is applied to the determination of expected credit losses. The Bank has guidelines and procedures that govern impairments arising from credit risk. These guidelines are documented and periodically reviewed by the risk management function. The Bank's Retail Credit Committee reviews analyses on various credit metrics to identify risks and trends that might affect the retail portfolios. The Bank's Commercial Credit Committee also reviews material impaired loans as well as analyses on other impaired loans where payment is past due by 90 days or more. Collection processes are centralized and are based on specialized expertise. Complex questions on measurement methodologies and assumptions are reviewed by a group of experts from various functions. Furthermore, the inputs and assumptions used to determine expected credit losses are reviewed on a regular basis by the risk management function.

Expected credit losses are measured either on a collective or an individual basis. Allowances for most impaired commercial loans are measured on an individual basis, as part of a continuous process. Allowances for all other loans are measured on a collective basis and assessed using groups of assets with similar risk characteristics. To establish collective allowances, the Bank uses credit risks models based on the internal risk rating of credit facilities. The key parameters driving these models are:

- Probability of default (PD): An estimated percentage that represents the likelihood of default within a given time period of an obligor for a specific rating grade or for a specific pool of exposure.
- Exposure at default (EAD): An amount expected to be owed by an obligor at the time of default.
- Loss given default (LGD): An estimated percentage of EAD that is not expected to be recovered during the collections and recovery process.

Forward-looking macroeconomic factors such as gross domestic product (GDP), unemployment rates, housing price indices and S&P/TSX index forecasts are also considered for these risk parameters.

Each credit facility is assigned an LGD rate that is largely driven by factors that impact the extent of losses anticipated in the event the obligor defaults. These factors mainly include seniority of debt, collateral security, and the industry sector in which the obligor operates. Estimated LGD rates draw primarily on internal loss experience, supplemented by external data. EAD is estimated based on the current exposure to the obligor and the possible future changes in that exposure driven by factors such as the nature of the credit commitment. Estimates of PD, LGD and EAD are validated by an independent validation team within the Bank, on a regular basis.

Diversification is one of the fundamental principles of risk management. To this effect, the Credit Policy establishes a framework to limit concentration of credit by counterparty and sector of activity, and identifies sectors considered too risky and thus outside the Bank's risk appetite. Concentration of credit risk may also exist where several counterparties engaged in similar activities are in the same geographic area or have comparable economic characteristics and where their ability to meet contractual obligations could be compromised by changing economic, political, or other conditions.

Derivative-related credit risk

Most of the Bank's credit concentration in derivatives lies with financial institutions, primarily Canadian banks. Credit risk in derivative transactions arises from a potential counterparty default on contractual obligations when one or more transactions have a positive replacement cost for the Bank. Replacement cost represents what it would cost to replace transactions at prevailing market conditions in the event of a default. The credit equivalent amount arising from a derivative transaction is defined as the sum of the replacement cost plus an estimated amount reflecting the potential change in market value of the transaction through to maturity.

Derivative-related credit risk is generally managed using the same credit approval, limit and monitoring standards as those used for managing other credit transactions. Moreover, the Bank negotiates derivative master netting agreements with all significant counterparties with which it contracts. These agreements reduce credit risk exposure in the event of a default by providing for the simultaneous netting of all transactions with a given counterparty. These contracts also allow the Bank to require the counterparty to pay, collateralize or guarantee the current market value of its positions when the value exceeds a given threshold. For all significant financial counterparties, the Bank actively manages these rights and requires collateral to be posted daily.

Wrong-way risk

Wrong-way risk is the risk that exposure to a counterparty or obligor is adversely correlated with the credit quality of that counterparty. There are two types of wrong-way risk:

- Specific wrong-way risk, which exists when our exposure to a specific counterparty is positively and highly correlated with the probability of default of the counterparty due to the nature of our transactions with them (e.g., loan collateralized by shares or debt issued by the counterparty or a related party); and
- General wrong-way risk, which exists when there is a positive correlation between the probability of default of counterparties and general macroeconomic or market factors. This typically occurs with derivatives (e.g., the size of the exposure increases) or with collateralized transactions (e.g., the value of the collateral declines).

Exposure to credit risk

The amount that best represents the Bank's exposure to credit risk as at October 31, 2025 and 2024 without factoring in any collateral held or other credit enhancements, represents the sum of financial assets in the Bank's consolidated balance sheet, plus credit commitments as set out below.

TABLE 18
EXPOSURE TO CREDIT RISK

In millions of dollars	2025		2024	
Financial assets, as stated in the consolidated balance sheet ⁽¹⁾	\$	49,696	\$	46,432
Credit commitments ⁽²⁾		3,952		3,773
	\$	53,648	\$	50,205

(1) Excluding equity securities.

(2) Excluding credit facilities revocable at the Bank's option totalling \$9.6 billion as at October 31, 2025 (\$9.4 billion as at October 31, 2024).

Loan portfolio mix

The Bank's loan portfolio consists of personal loans, residential mortgage loans and commercial loans. Personal loans and residential mortgage loans represented 50% of the Bank's total loan portfolio as at October 31, 2025, compared with 53% in 2024. The personal loan portfolio includes a range of consumer credit products such as investment loans, home-equity lines of credit (HELOCs), credit cards, personal lines of credit and other consumer loans. The residential mortgage loan portfolio includes retail mortgage loans secured by one- to four-unit dwellings. Commercial loans accounted for 50% of total loans as at October 31, 2025, compared with 47% in 2024. The commercial loan portfolio comprises commercial loans in specific markets, such as real estate lending, equipment financing and inventory financing, where the Bank can efficiently compete across Canada, as well as in the United States.

Industry distribution of commercial loans

The commercial loan portfolio covers a wide range of industries, with no specific industry accounting for more than 18% of total loans as at October 31, 2025 (17% as at October 31, 2024), demonstrating sound diversification and effective risk management.

TABLE 19
DISTRIBUTION OF LOANS BY CREDIT PORTFOLIO AND INDUSTRY

In thousands of dollars	2025				
	Gross amount of loans	Gross amount of impaired loans	Allowances on impaired loans (Stage 3)	Net impaired loans ⁽¹⁾	Provision for credit losses ⁽²⁾
Personal	\$ 1,975,613	\$ 5,116	\$ 2,241	\$ 2,875	\$ (1,995)
Residential mortgage	16,131,795	56,211	3,578	52,633	521
Commercial					
Real estate, renting and lease	6,554,558	71,805	11,168	60,637	10,779
Wholesale and retail	4,442,492	125,459	35,415	90,044	30,525
Construction ⁽³⁾	3,872,070	131,926	13,596	118,330	11,442
Transportation and communication	1,385,309	20,095	3,736	16,359	8,647
Other services and government	802,339	3,043	317	2,726	(276)
Financial services	386,197	2,648	625	2,023	(4,066)
Manufacturing	181,934	8,064	5,258	2,806	9,512
Public utilities	137,499	42	9	33	(862)
Transformation and natural resources	67,926	741	101	640	(544)
Agriculture	41,209	499	92	407	84
Other	35,299	294	103	191	(2,732)
	17,906,832	364,616	70,420	294,196	62,509
Total	\$ 36,014,240	\$ 425,943	\$ 76,239	\$ 349,704	\$ 61,035

	Gross amount of loans	Gross amount of impaired loans	Allowances on impaired loans (Stage 3)	Net impaired loans ⁽¹⁾	Provision for credit losses ⁽²⁾
Personal	\$ 2,106,426	\$ 9,848	\$ 3,259	\$ 6,589	\$ 2,382
Residential mortgage	16,537,917	50,566	3,211	47,355	4,075
Commercial					
Real estate, renting and lease	6,041,901	122,338	11,321	111,017	(8,952)
Wholesale and retail	4,074,354	114,494	22,121	92,373	13,765
Construction ⁽³⁾	3,577,500	26,556	5,416	21,140	27,144
Transportation and communication	1,189,534	23,685	8,444	15,241	10,764
Other services and government	769,248	3,630	343	3,287	(3,132)
Financial services	432,403	12,723	10,033	2,690	7,956
Manufacturing	185,614	9,219	4,429	4,790	69
Public utilities	151,059	5,196	804	4,392	528
Transformation and natural resources	103,766	304	127	177	52
Agriculture	52,448	263	80	183	7,339
Other	36,360	—	—	—	(438)
	16,614,187	318,408	63,118	255,290	55,095
Total	\$ 35,258,530	\$ 378,822	\$ 69,588	\$ 309,234	\$ 61,552

(1) Net impaired loans are calculated as gross impaired loans less allowances for credit losses on impaired loans.

(2) Recorded in the consolidated statement of income.

(3) Including loans to developers of revenue-generating properties.

Geographic distribution of loans

The Bank operates across Canada and in the United States. As at October 31, 2025, the geographic distribution of total loans was as follows: 7% in British Columbia and Territories, 10% in Alberta and the Prairies, 30% in Ontario, 38% in Quebec, 3% in the Atlantic provinces and 12% in the United States.

TABLE 20
GEOGRAPHIC DISTRIBUTION OF LOANS BY CREDIT PORTFOLIO

In thousands of dollars, except percentage amounts

	2025				
	Personal loans	Residential mortgage loans	Commercial loans	Gross amount of loans	Gross amount of loans (in %)
British Columbia and Territories	\$ 310,046	\$ 1,623,997	\$ 616,189	\$ 2,550,232	7.1
Alberta and Prairies	170,259	2,608,394	748,982	3,527,635	9.8
Ontario	644,052	6,139,677	4,044,369	10,828,098	30.0
Quebec	820,109	4,883,550	7,788,904	13,492,563	37.5
Atlantic provinces	31,147	876,177	282,903	1,190,227	3.3
United States	—	—	4,425,485	4,425,485	12.3
	\$ 1,975,613	\$ 16,131,795	\$ 17,906,832	\$ 36,014,240	100.0
	2024				
	Personal loans	Residential mortgage loans	Commercial loans	Gross amount of loans	Gross amount of loans (in %)
British Columbia and Territories	\$ 349,362	\$ 1,717,804	\$ 580,223	\$ 2,647,389	7.5
Alberta and Prairies	189,227	2,548,968	943,210	3,681,405	10.4
Ontario	780,392	6,220,964	4,247,502	11,248,858	31.9
Quebec	736,724	5,240,628	6,687,765	12,665,118	35.9
Atlantic provinces	50,721	809,553	218,091	1,078,365	3.1
United States	—	—	3,937,396	3,937,396	11.2
	\$ 2,106,426	\$ 16,537,917	\$ 16,614,187	\$ 35,258,530	100.0

Measurement uncertainty of expected credit loss estimates

The Bank updates its forward-looking economic scenarios on a quarterly basis to assess its allowances for credit losses. The three scenarios, "base", "downside" and "upside" were probability weighted as part of the Bank's approach to determining the expected credit losses as at October 31, 2025 and are further described in Note 6 to the Consolidated Financial Statements.

The allowance for credit losses remains highly sensitive to model inputs, particularly macroeconomic variables embedded in forward-looking scenarios and their respective weightings. While the global economic outlook has shown resilience and near-term risks have moderated, uncertainty remains elevated, driven in part by ongoing shifts in U.S. trade policy and their downstream effects on both Canadian and U.S. economic activity. These factors continue to present challenges in the assessment of future credit performance, including the potential for write-offs or adjustments to the Bank's allowance for credit losses in subsequent reporting periods.

Provision for credit losses

Total provision for credit losses of \$61.0 million decreased slightly by \$0.5 million for the year ended October 31, 2025, compared with the year ended October 31, 2024, mainly reflecting lower provisions on impaired loans, partially offset by lower releases of provisions on performing loans.

The provision for credit losses on performing loans was a release of \$21.6 million for the year ended October 31, 2025, compared with a release of \$22.4 million for the year ended October 31, 2024. The decrease in releases reflects lower releases on commercial loans, partially offset by higher releases on performing residential mortgage loans.

The provision for credit losses on impaired loans was \$82.6 million for the year ended October 31, 2025 and decreased by \$1.3 million compared with the year ended October 31, 2024. The decrease in the provision reflects lower provisions on impaired personal and residential mortgage loans, partially offset by higher provisions on impaired commercial loans.

TABLE 21
PROVISION FOR CREDIT LOSSES

In thousands of dollars, except percentage amounts	2025	2024
Personal loans		
Performing (Stage 1 and 2)	\$ (11,232)	\$ (11,017)
Impaired (Stage 3)	9,237	13,399
	(1,995)	2,382
Residential mortgage loans		
Performing (Stage 1 and 2)	(2,348)	912
Impaired (Stage 3)	2,869	3,163
	521	4,075
Commercial loans		
Performing (Stage 1 and 2)	(8,028)	(12,253)
Impaired (Stage 3)	70,537	67,348
	62,509	55,095
Total loans		
Performing (Stage 1 and 2)	(21,608)	(22,358)
Impaired (Stage 3)	82,643	83,910
Provision for credit losses	\$ 61,035	\$ 61,552
As a % of average loans	0.17 %	0.17 %

Allowances for credit losses

Allowances for loan losses amounted to \$176.3 million as at October 31, 2025, a decrease of \$13.0 million compared with October 31, 2024. Allowances for loan losses on performing loans totalled \$100.1 million as at October 31, 2025, down \$19.7 million compared with October 31, 2024, mainly as a result of lower allowances on personal loans following volume reductions and improved credit quality, as well as reductions in certain performing commercial loan exposures. Allowances for loan losses on impaired loans amounted to \$76.2 million as at October 31, 2025, an increase of \$6.7 million compared with October 31, 2024, primarily reflecting higher provisions on commercial loans.

TABLE 22
ALLOWANCES FOR CREDIT LOSSES (ACL)

In thousands of dollars	2025		2024	
Allowances for loan losses				
Personal	\$	18,743	\$	31,233
Residential mortgages		16,084		17,733
Commercial		141,503		140,411
Total allowances for loan losses		176,330		189,377
Allowances for off-balance sheet exposures losses		12,491		14,410
Total allowances for credit losses	\$	188,821	\$	203,787
Allowances for loan losses on performing loans (Stage 1 and 2)	\$	100,091	\$	119,789
Allowances for loan losses on impaired loans (Stage 3)		76,239		69,588
Total allowances for loan losses	\$	176,330	\$	189,377

Impaired loans

The Bank's definition of impairment follows its definition of debtor default. Debtor default occurs in the context of one or both of the following events:

- The Bank considers the obligor unlikely to pay their credit obligations to the banking group in full, without recourse to actions such as realizing a security (if held); and/or
- The obligor is more than 90 days past due on any credit obligation to the banking group. Overdrafts are considered past due once the client has breached the authorized limit or been advised of a limit lower than current outstanding.

Gross impaired loans amounted to \$425.9 million as at October 31, 2025, up \$47.1 million compared with October 31, 2024, mainly due to an increase in impaired commercial loans. See Note 6 to the Consolidated Financial Statements for additional information.

TABLE 23
IMPAIRED LOANS

In thousands of dollars, except percentage amounts	2025		2024	
Gross impaired loans (GIL)				
Personal	\$	5,116	\$	9,848
Residential mortgages		56,211		50,566
Commercial		364,616		318,408
	\$	425,943	\$	378,822
Allowances for loan losses on impaired loans (Stage 3)				
Personal	\$	(2,241)	\$	(3,259)
Residential mortgages		(3,578)		(3,211)
Commercial		(70,420)		(63,118)
	\$	(76,239)	\$	(69,588)
Net impaired loans				
Personal	\$	2,875	\$	6,589
Residential mortgages		52,633		47,355
Commercial		294,196		255,290
	\$	349,704	\$	309,234
Impaired loans as a % of loans				
Gross		1.18 %		1.07 %
Net		0.97 %		0.88 %

TABLE 24
GEOGRAPHIC DISTRIBUTION OF IMPAIRED LOANS BY CREDIT PORTFOLIO

In thousands of dollars, except percentage amounts						2025
	Personal loans	Residential mortgage loans	Commercial loans	Gross amount of impaired loans	Gross amount of impaired loans (in %)	
British Columbia and Territories	\$ 223	\$ 3,913	\$ 23,537	\$ 27,673	6.5 %	
Alberta and Prairies	155	5,979	10,458	16,592	3.9	
Ontario	1,530	27,505	65,537	94,572	22.2	
Quebec	3,190	17,380	155,181	175,751	41.3	
Atlantic provinces	18	1,434	1,931	3,383	0.8	
United States	—	—	107,972	107,972	25.3	
	\$ 5,116	\$ 56,211	\$ 364,616	\$ 425,943	100.0 %	
						2024
	Personal loans	Residential mortgage loans	Commercial loans	Gross amount of impaired loans	Gross amount of impaired loans (in %)	
British Columbia and Territories	\$ 940	\$ 2,418	\$ —	\$ 3,358	0.9 %	
Alberta and Prairies	266	7,233	—	7,499	2.0	
Ontario	2,700	17,573	85,680	105,953	28.0	
Quebec	5,814	21,199	132,790	159,803	42.2	
Atlantic provinces	128	2,143	—	2,271	0.6	
United States	—	—	99,938	99,938	26.4	
	\$ 9,848	\$ 50,566	\$ 318,408	\$ 378,822	100.0 %	

Insurance and guarantees held in respect of loan portfolios

A significant proportion of the Bank's residential mortgage loan portfolio is insured by the CMHC, or by Sagen and Canada Guaranty Mortgage Insurance Company (the Mortgage Insurers). In addition, the Bank's loan portfolios are to a large extent, secured by assets pledged as collateral by borrowers or, for finance lease receivables, directly owned by the Bank.

Mortgage Insurers offer mortgage loan insurance programs which reduce the overall credit risk associated with the residential mortgage loan portfolio. The Bank also insures pools of mortgage loans through a specific CMHC insurance program. Moreover, by maintaining insured residential mortgage loans, the Bank retains its capacity to engage in securitization operations to finance its activities at optimal cost and manage its cash resources. By the end of fiscal 2025, 62% of residential mortgage loans secured by one- to four-unit dwellings were insured, compared to 60% a year ago. The Bank also holds guarantees in respect of the real estate property for the other conventional mortgage loans, including HELOCs. In accordance with legal requirements, the non-amortizing HELOC component of a residential mortgage is limited to a maximum authorized loan-to-value ratio of 65%. Additional mortgage credit (beyond the loan-to-value ratio limit of 65% for HELOCs) can be extended to a borrower. However, the loan portion over the 65% loan-to-value ratio threshold must be amortized. The total loan value of the Bank's conventional mortgage loans never exceeds 80% of the initially estimated value of the property, in accordance with legal requirements.

As at October 31, 2025, the estimated average loan-to-value ratio was 67% for insured residential mortgage loans and 50% for uninsured residential mortgage loans, including the authorized limit for related HELOCs.

In accordance with the Bank's credit risk management policies, the residential mortgage and HELOC portfolios are regularly reviewed to ensure that the level of risk associated with these portfolios remains in line with the Bank's risk appetite and its strategic objectives. As part of this oversight, the portfolios are stressed to reflect the effects of a potential economic downturn creating a decline in property values. Due to the large portion of insured loans and the relatively low loan-to-value ratio of uninsured mortgage loans, the Bank believes that loan losses under such a scenario would remain largely manageable.

Commercial lending is generally collateralized, secured by a range of assets such as real estate, equipment, inventories, receivables and the cash flows they generate. Within Commercial lending, Commercial Real Estate financing comprises construction and term lending on both a conventional (uninsured) loan and insured loan basis (residential property types) and is secured by real property such as residential multi-family (condos, rental), and other asset classes. Recourse to shareholders or other parties is generally on hand. In general, the value of these loans represents 60% to 75% of the initial estimated completed value of the property (depending on asset class) for conventional loans, with higher loan to value for insured loans as permitted under the insurer's undertaking to insure; in the case of construction financing this is represented by the stabilized or "as-completed" value.

The Bank's personal loan portfolio consists mainly of investment loans. The loan underwriting process for those specifically takes into consideration client's credit risk. Authorizations are based on clients' loan servicing ability and overall financial strength, mainly based on credit scoring. In addition, loans are collateralized by a comprehensive list of eligible mutual and segregated funds. Stricter credit criteria must be met as loan-to-value ratios increase. For loans where disbursements are significant, additional personal income and net worth information are usually required.

Loan underwriting for HELOCs allows for the assessment of client credit risk. In addition, real estate assets and other assets collateralize these loans.

Guarantees held on other financial instruments

When entering activities such as reverse repurchase agreements and derivative transactions, the Bank requires counterparties to pledge collateral that will protect the Bank from losses in the event of a counterparty's default. Collateral transactions are conducted under terms that are usual and customary in standard trading activities. The following are examples of general terms and conditions on collateral assets that the Bank may sell, pledge or repledge:

- The risks and rewards of the pledged assets reside with the pledger;
- The pledged asset is returned to the pledger when the necessary conditions have been satisfied;
- The right of the pledgee to sell or repledge the asset is dependent on the specific agreement under which the collateral is pledged; and
- If there is no default, the pledgee must return the comparable asset to the pledger upon satisfaction of the obligation.

As at October 31, 2025, the approximate market value of collateral pledged to the Bank related to assets purchased under reverse repurchase agreements was \$8.2 billion (\$8.2 billion as at October 31, 2024). As at October 31, 2025, the approximate market value of collateral pledged to the Bank related to derivatives was \$40.4 million (\$107.9 million as at October 31, 2024).

MARKET RISK MANAGEMENT

Market risk is the financial loss that the Bank may incur due to unfavourable fluctuations in the value of financial instruments as a result of changes in the underlying factors used to measure them, such as interest rates, currency exchange rates or equity prices. This risk is inherent to the Bank's financing, investment, trading and asset and liability management (ALM) activities.

Interest rate risk is created by the potential adverse impact of interest rate movements. The section covering ALM activities describes the global management of interest rate risk. Structural interest rate risk arises mainly from the differences in maturity dates or repricing dates of balance sheet and off-balance sheet items, as well as from the options embedded in certain banking products, such as loan repayment and deposit redemption clauses.

Foreign exchange risk is the risk of losses from adverse fluctuations in currency exchange rates. Assets, liabilities and off-balance sheet items that are denominated in foreign currencies have foreign exchange risk.

Equity price risk represents financial losses that the Bank may incur subsequent to adverse fluctuations in equity prices or stock market instability in general, as well as from options embedded in certain banking products, such as equity-linked GICs.

Market risk governance: policies and standards

The primary objective of effective market risk management is to measure significant market risks and ensure that these risks stay within the Bank's accepted risk tolerance thresholds. The Bank has thus adopted policies and limits to oversee exposure to market risks arising from its trading, investment and ALM activities and related management practices. The policies and limits establish the Bank's management practices pertaining to various risks associated with its capital markets and treasury activities. These policies and limits are approved by the Executive Committee and the Risk Management Committee of the Board at least annually, to ensure their alignment to principles, objectives and management strategies.

Detailed risk level and limit monitoring reports are produced regularly and are presented as follows:

- Daily for investment portfolios, to Corporate Risk Management and portfolio managers;
- Weekly for structural interest rate risk, to Corporate Risk Management, Corporate Treasury managers and Executive Committee;
- Monthly for structural foreign-exchange risk, to Corporate Risk Management, Corporate Treasury managers and Executive Committee; and
- Quarterly, to the Executive Committee and the Risk Management Committee of the Board.

Market risk assessment and management

Market risk assessment is based on the key risk drivers in the business and can include, per the complexity and nature of its activities:

- Limits on notional amount;
- Expected shortfall;
- Stress testing and other sensitivity measures; and
- Credit valuation adjustment.

Limits on notional amount

The Bank sets limits that are consistent with its business plan and its risk appetite for market risk. In setting limits, the Bank considers market volatility, market liquidity, organizational experience and business strategies. Limits are set at the aggregate Bank level and then are apportioned to the different lines of business and at the portfolio level and are monitored daily.

Expected shortfall

The Bank's reference market risk measure is the expected shortfall. The expected shortfall represents the average trading loss beyond a 97.5% confidence interval. While statistically equivalent to a 99% Value at Risk (VaR) under a normal distribution, the expected shortfall puts more emphasis on tail risk than the VaR measure. For an historical expected shortfall with 300 scenarios, this represents the average of the seven worst days of trading for the Bank. Expected shortfall is calculated daily for all financial market activities. These calculations are conducted for each specific business unit and each risk factor, as well as for the entire trading portfolio. The theoretical change in profits and losses is generated using the daily price movements, and on the assumption, that there is no change in the composition of the trading portfolio.

Stress testing and other sensitivity measures

Parallel to expected shortfall calculations, the impact of stress tests on profits and losses is assessed for the trading and investment portfolios and the ensuing results are used to assess the impact of exceptional but plausible market situations. Stress tests constitute a complementary risk measure to expected shortfall and are designed to provide an estimate of the worst losses the Bank could incur under multiple scenarios. The Bank's stress testing program combines historical and hypothetical scenarios to simulate the impact of significant changes in risk factors on the portfolios' market value. The Bank also produces daily sensitivity measurements, including measurements of volatility and parallel yield curve shifts on specific business units and the Capital Markets group.

Credit Valuation Adjustment (CVA)

CVA risk is an important factor in the valuation and management of derivative instruments or for any other financial products where counterparty credit risk is present. CVA represents an adjustment to the market value of transactions to reflect the potential default risk of a counterparty.

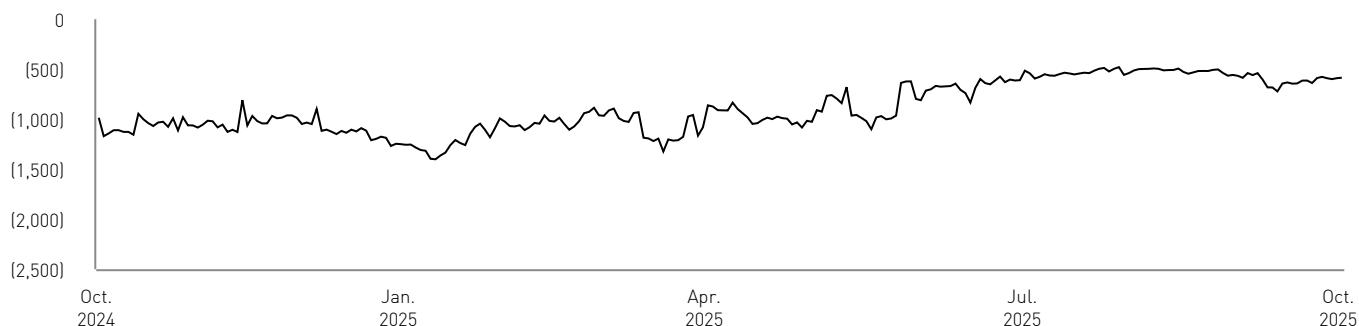
The CVA risk calculation process is subject to review and oversight by an independent team of the second line of defence, in accordance with a predefined schedule that is formally approved by senior management. This governance structure ensures the integrity, consistency, and reliability of CVA risk management practices.

Trading activities

Trading activities are aligned with the needs of the Bank and its customers. The market risk associated with trading activities ensues from activities for which the Bank acts as the principal or agent for its customers. The graph below presents the daily total expected shortfall of the trading portfolio for the 2025 fiscal year.

DAILY TRADING EXPECTED SHORTFALL

For the year ended October 31, 2025 (in thousands of dollars)



Asset and liability management activities

The purpose of ALM activities is to control the interest rate risk in the banking book (IRRBB), which corresponds to the potential impact of interest rate movements on the Bank's net interest income (NII) and economic value of equity (EVE).

IRRBB management requires monitoring of three distinct portfolio groups:

- Banking activities, which are affected by customer choices, product availability and term-dependent pricing strategies;
- Investment activities, comprising marketable securities and institutional funding; and
- A hedging portfolio that helps the Bank maintain overall interest rate risk within strict internal limits.

Dynamic management of IRRBB is intended to enhance the Bank's profitability by maximizing NII and EVE, while considering the risk appetite established by the Board.

To attain this objective, various treasury and derivative instruments, mainly interest rate swaps, are used to modify the interest rate characteristics of the instruments underlying the Bank's balance sheet and specifically manage mismatches between asset and liability repricing dates, expected cash flows and reference rates. The risk inherent in options embedded in loan and deposit products such as loan prepayment rates, term deposit redemption rates, expected funding ratios on mortgage rate commitments and non-maturity product behaviour are also considered. These product behaviours are modelled considering historical observations and product pricing through a formal process.

To ensure sound management of IRRBB, duration and repricing gap reports are produced weekly. Interest rate simulations are also performed to assess the impact of various interest rate variation scenarios on NII and on EVE. Other dynamic simulations are performed on a regular basis to assess the impact of market rate scenarios on NII and EVE. The simulations includes maturities, renewals, and new originations, and various behavioural assumptions, including the prepayment of mortgages.

Governance

IRRBB is globally managed by the Bank's Corporate Treasury. The Asset-Liability Management Committee (ALCO) and the Executive Committee provide ongoing governance of IRRBB measurement and management through risk policies, limits, operating standards and other controls in accordance with the Treasury and Capital Market Risks Policy. This policy, which is approved by the Risk Management Committee of the Board, defines limits relative to the measurement of the economic value of shareholders' equity and net interest income risks.

Risk limits are based on measures calculated by simulating the impact of immediate and sustained parallel movements of 100 bps in rates for all maturities. NII risk measures the impact on NII from interest rate movements over the next 12 months. EVE risk measures the net impact on the present value of balance sheet and off-balance sheet assets and liabilities.

IRRBB exposures are reviewed regularly by the ALCO, which is responsible for monitoring the Bank's positioning regarding anticipated interest rate movements. In addition, risk monitoring reports are presented regularly to the Corporate Risk Committee and the Risk Management Committee of the Board. All behavioural models used to measure IRRBB are updated periodically and are subject to independent oversight and validation by the Integrated Risk Management team and to ALCO's approval.

Sensitivity analysis

The following table shows the potential impact on the Bank's 12-month NII and EVE of a sudden parallel and sustained 100 bps increase and decrease in interest rates, as shown in. The sensitivities shown below represent the Bank's assessment of the change to a hypothetical base case NII, assuming a static balance sheet and no management actions.

TABLE 25

SENSITIVITY ANALYSIS OF THE INTEREST RATE RISK OF THE BANKING BOOK

In thousands of dollars	2025		2024	
	Effect on NII ⁽¹⁾	Effect on EVE ⁽²⁾	Effect on NII ⁽¹⁾	Effect on EVE ⁽²⁾
Change in interest rates				
Increase of 100 basis points	\$ 5,681	\$ (31,539)	\$ 809	\$ (35,519)
Decrease of 100 basis points	\$ 349	\$ 38,253	\$ 3,873	\$ 34,555

(1) Over the next 12 months.

(2) Net of income taxes.

Foreign exchange risk

Structural foreign exchange risk

Foreign exchange risk is monitored using notional limits and other sensitivity analysis for trading operations as described above. The Bank is exposed to foreign exchange risk mainly through its investment in a U.S. foreign operation. These exposures can have an impact on earnings, shareholders' equity and capital ratios. The Bank uses derivative financial instruments to minimize this impact. When the Canadian dollar fluctuates against the U.S. dollar, unrealized translation gains or losses on the net investment in foreign operations, net of related hedges, impact accumulated other comprehensive income in shareholders' equity. In addition, the Canadian dollar equivalent of risk-weighted assets denominated in U.S. dollars and capital deductions is impacted.

The Bank is also exposed to foreign exchange risk through foreign exchange positions related to commercial activities within its Canadian operations, within its Swiss subsidiary, through positions held by clients in currencies other than the Canadian dollar and through trading operations. In the normal course of business, the Bank uses foreign exchange derivative financial instruments to hedge its exposure to structural foreign exchange risk.

For non-trading activities, as at October 31, 2025, assets and liabilities carried in Canadian entities and denominated in U.S. dollars amounted to \$488.3 million (\$653.7 million as at October 31, 2024) and \$187.1 million (\$213.9 million as at October 31, 2024) respectively. As at October 31, 2025, regarding these positions, the effect of a sudden 5% change in foreign exchange rates would have no significant impact on net income and shareholder's equity. Liabilities denominated in Swiss francs amounted to \$15.5 million as at October 31, 2025 (\$11.9 million as at October 31, 2024).

Other currencies are generally bought and sold to meet specific customer needs. Thus, the Bank has limited exposure to these currencies. Assets and liabilities in other foreign currencies to support client operations were primarily denominated in Euros and British Pounds, and these amounted to \$12.8 million and \$11.8 million respectively as at October 31, 2025 (\$8.8 million and \$8.9 million respectively as at October 31, 2024).

Trading activities

The Bank is also exposed to foreign exchange risk as a result of trading activities as discussed above, including with foreign exchange derivative financial instruments.

Equity price risk

The Bank's equity positions consist primarily of Canadian and U.S. publicly traded securities and, thus, portfolio sensitivity generally correlates to Canadian and U.S. stock market performance. A portion of the Bank's equity positions is used to hedge index-linked deposits. In addition, the Bank has equity exposures through its pension plans. As at October 31, 2025, a fluctuation in the stock markets of 10% would have had a \$8.5 million impact on the Bank's shareholders' equity (\$5.8 million as at October 31, 2024).

LIQUIDITY AND FUNDING RISK MANAGEMENT

Liquidity and funding risk is the possibility that the Bank may not be able to gather sufficient cash resources, when required and on reasonable conditions, to meet its financial obligations. Financial obligations include obligations to depositors and suppliers, as well as lending commitments, investments and posting collateral requirements.

The Bank's overall liquidity risk is managed by Corporate Treasury with oversight by Corporate Risk Management and by the Asset-Liability Management Committee, and ultimately by the Risk Management Committee of the Board in accordance with the policies governing funding and liquidity and collateral management. The main purpose of these policies is to ensure that the Bank has sufficient liquidity resources to meet its current and future financial obligations, under both normal and stressed conditions.

The Bank's balance sheet is well diversified, both in terms of assets and funding sources. To maintain sound diversification, funding sources are subject to concentration limits developed and monitored by Corporate Risk Management. Those limits are established, taking into consideration, among other things, the volatility of the funding sources.

The stability of the funding sources is also taken into consideration when measuring liquidity requirements under the Bank's methodology. Run-off factors used in the liquidity stress tests are derived from the historical stability of the various funding sources. The monitoring process is conducted daily by Corporate Risk Management and is overseen by the Asset-Liability Management Committee and the Risk Committee of the Board of Directors.

As a complement to stress tests, the Bank has developed internal models to forecast potential outflows on non-maturing deposits, which are used in liquidity gap reports and funding plans. Behavioural and modeling assumptions are regularly reviewed by Corporate Treasury according to the model management cycle, validated by Corporate Risk Management and approved by the Asset-Liability Management Committee.

The Bank also conducts additional liquidity stress-test scenarios monthly. Outflows on non-maturing deposits and redeemable term deposits are stressed in different scenarios and over different time horizons to provide management with various views on the Bank's liquidity. Results are reported to the Asset-Liability Management Committee monthly.

The Bank's liquid assets held to satisfy liquidity requirements must be high quality securities that the Bank believes can be monetized quickly in stress conditions with minimum loss in market value. More than 85% of the Bank's high-quality liquid assets are invested in Level 1 assets as at October 31, 2025. These assets are Central Bank eligible and can be easily sold or given as collateral during a time of stress. A liquidity contingency plan is prepared and reviewed on a regular basis. It guides the Bank's actions and responses to potential liquidity crises.

The Bank also manages its liquidity to comply with the regulatory liquidity metrics in the OSFI domestic Liquidity Adequacy Requirements (LAR) Guideline. These regulatory metrics include the Liquidity Coverage Ratio (LCR), drawn on the BCBS international Basel III liquidity framework, and the OSFI-designed Net Cumulative Cash Flow (NCCF) supervisory tool. The LCR requires that banks maintain sufficient high-quality liquid assets to meet net short-term financial obligations over a thirty-day period in an acute stress scenario. The Bank remained compliant with the LAR Guideline throughout the year ended October 31, 2025.

Regulatory developments concerning liquidity

On November 21, 2024, OSFI issued updates to its LAR Guideline for 2025, with corresponding revisions to the Small and Medium-Sized Deposit-Taking Institutions (SMSB) Capital and Liquidity Requirements Guideline, which took effect on April 1, 2025. The revised LAR Guideline reflects two key revisions on intraday liquidity and the treatment of Bankers' Acceptances (BAs). The changes had no impact on the Bank's liquidity position.

Liquid assets

The Bank's liquid assets consist of cash and non-interest-bearing deposits with banks, interest-bearing deposits with banks, securities, as well as securities purchased under reverse repurchase agreements. They are mainly composed of high-quality liquid direct investments in or transactions secured by marketable securities issued or guaranteed by the Canadian government, provinces or municipal corporations. As at October 31, 2025, liquid assets as presented on the balance sheet totalled \$13.1 billion, an increase of \$1.9 billion compared to the level held on October 31, 2024.

The level of liquidity reflects deposit gathering from multiple sources and funding from securitization activities used to finance the Bank's expected loan growth. Overall, the Bank continues to prudently manage the level of liquid assets and to hold sufficient cash resources from various sources to meet its current and future financial obligations, under both normal and stressed conditions. These liquid assets provide the Bank with flexibility to manage its loan and deposit portfolio maturities and commitments and to meet other current operating needs. Management of the liquid assets, both in terms of optimizing levels and mix, contributes significantly to the Bank's results.

Funding

The Bank's lending operations primarily rely on personal and business customers and on an access to wholesale financing from diversified sources. Personal deposits are sourced through multiple channels including the retail channel, partnerships and advisors and brokers. Wholesale funding options include loan securitization and the issuance of equity or debt instruments through capital markets. Limits on funding sources are monitored by the Asset-Liability Committee, the Executive Committee and the Risk Management Committee of the Board of Directors. This funding strategy is well aligned with regulatory requirements in the LAR Guideline, which recognizes that personal deposits are the most stable funding source.

Personal deposits

Personal deposits include notice, demand and term deposits sourced through the Bank's retail channel, through partnerships and through the advisors and brokers channel. A significant proportion of these deposits are insured by the Canada Deposit Insurance Corporation, up to \$100,000 per client, per regulated deposit-taking financial institution, which contributes to their stability. Deposits sourced through the advisors and brokers channel are mainly drawn from brokers affiliated with all major Canadian banks, as well as by a well-established network of independent financial advisors. As at October 31, 2025, 75% of personal deposits were term deposits (71% as at October 31, 2024).

Business, banks and other deposits

Deposits from businesses, banks and other contribute to the diversification of the Bank's funding sources and to the active management of its liquidity levels. They are sourced from an institutional clientele and the Bank's network of account managers serving commercial clients.

TABLE 26
DEPOSITS

In thousands of dollars, except percentage amounts	2025		2024	
Personal				
Notice and demand				
Retail	\$ 2,132,728	8.9 %	\$ 2,088,119	9.0 %
Partnerships	1,600,285	6.7	2,545,119	11.0
Advisors and brokers	1,483,964	6.2	1,097,846	4.7
	5,216,977	21.7	5,731,084	24.7
Term				
Retail	5,028,511	21.0	5,228,283	22.6
Advisors and brokers	10,961,203	45.7	8,754,510	37.0
	15,989,714	66.6	13,982,793	60.4
	21,206,691	88.4	19,713,877	85.1
Business, banks and other				
Notice and demand	1,128,084	4.7	1,212,957	5.2
Term				
Wholesale	1,138,738	4.7	1,656,673	7.2
Other	525,081	2.2	580,447	2.5
	1,663,819	6.9	2,237,120	9.7
	2,791,903	11.6	3,450,077	14.9
Total deposits	\$ 23,998,594	100.0 %	\$ 23,163,954	100.0 %

Credit ratings

Personal deposits constitute the most important source of financing for the Bank. The Bank also accesses wholesale markets to obtain financing through securitization and unsecured funding. The Bank's capacity to obtain such financing, especially wholesale funding, is tied to the credit ratings set by rating agencies such as Morningstar DBRS (DBRS) and S&P Global Ratings (S&P). Revisions of the Bank's credit ratings may therefore influence financing operations, as well as other collateral obligations.

Changes to credit ratings could also impact the Bank involvement with other operational banking arrangements. The Bank regularly monitors the impact of a hypothetical downgrade of its credit rating on collateral requirements as part of its liquidity management approach. As at October 31, 2025, additional collateral that would be required to be posted to certain derivative counterparties in the event of a credit rating downgrade was not significant.

Table 27 presents the Bank's credit ratings as established by the rating agencies.

TABLE 27

CREDIT RATINGS

As at December 4, 2025

	DBRS ⁽¹⁾	S&P ⁽²⁾
Long-term deposits and debt	BBB	BBB
Covered bonds	AA (high)	n/a
Short-term instruments	R-2 (high)	A-2
NVCC Subordinated debt	BB	BB+
NVCC Limited recourse capital notes	BB (low)	BB-
NVCC Preferred Shares	Pfd-4 (high)	BB-
Outlook	Under Review with Positive Implications	Negative

(1) Each DBRS rating category is appended with one of three rating trends — "Positive," "Stable," "Negative" — in addition to "Under Review." The rating trend helps to give investors an understanding of DBRS's opinion regarding the outlook for the rating in question. However, investors must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

(2) The S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future action. The S&P rating outlooks have the following meanings: "Positive" means that a rating may be raised; "Negative" means that a rating may be lowered; "Stable" means that a rating is not likely to change; "Developing" means a rating may be raised or lowered.

Contractual obligations

In the normal course of its activities, the Bank enters into various types of contractual agreements. Its main obligations result from the issuance of debt instruments, including deposits written with individuals, businesses and other institutions. This financing, combined with the issuance of capital, is used primarily to finance loan and investment operations. Note 26 to the Consolidated Financial Statements provides further information on other contractual obligations.

The Bank is also exposed to liquidity risk when it provides credit commitments to clients. As at October 31, 2025, these commitments amounted to approximately \$4.0 billion (\$3.8 billion as at October 31, 2024), excluding credit facilities unconditionally revocable at the Bank's option.

Contractual maturities of assets and liabilities

The following tables provide remaining contractual maturity profiles of assets and liabilities at their carrying value (e.g., amortized cost or fair value) as at October 31, 2025 and October 31, 2024. Details of contractual maturities and commitments to extend funds are a source of information for the management of liquidity risk and does not represent how the Bank manages its interest rate or its liquidity risk and funding needs. These details form a basis for assessing a behavioural balance sheet with effective maturities to calculate liquidity risk measures.

TABLE 28
CONTRACTUAL MATURITIES OF ASSETS AND LIABILITIES

In thousands of dollars	Term								Total
	0 to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specific maturity	
Assets									
Cash and non-interest-bearing deposits with banks	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 57,769	\$ 57,769
Interest-bearing deposits with banks	1,012,200	—	70,000	40,000	—	—	—	135,550	1,257,750
Securities	703,997	154,462	405,577	233,781	593,878	2,457,109	3,166,373	64,769	7,779,946
Securities purchased under reverse repurchase agreements	3,197,799	809,887	—	—	—	—	—	—	4,007,686
Loans⁽¹⁾									
Personal loans	3,459	321	396	384	1,775	2,187	303	1,966,788	1,975,613
Residential mortgages	901,505	969,424	1,101,939	1,159,647	3,990,685	7,886,796	20,676	101,123	16,131,795
Commercial loans	2,516,059	1,108,088	1,380,852	930,587	3,079,081	3,539,971	789,030	4,563,164	17,906,832
Allowances for loan losses	—	—	—	—	—	—	—	(176,330)	(176,330)
	3,421,023	2,077,833	2,483,187	2,090,618	7,071,541	11,428,954	810,009	6,454,745	35,837,910
Other assets	638	597	634	567	1,797	3,737	—	1,198,665	1,206,635
Total assets	\$8,335,657	\$3,042,779	\$2,959,398	\$2,364,966	\$7,667,216	\$13,889,800	\$3,976,382	\$ 7,911,498	\$50,147,696
Liabilities and equity									
Deposits									
Personal deposits ⁽¹⁾	\$1,778,773	\$2,080,553	\$2,558,422	\$1,701,097	\$3,726,464	\$ 3,984,224	\$ 172,255	\$ 5,204,903	\$21,206,691
Business, banks and other deposits ⁽¹⁾	92,297	49,717	162,422	63,497	66,960	76,511	2,116	1,139,645	1,653,165
Wholesale deposits	188,239	23,836	—	25,000	—	400,538	—	—	637,613
Covered bonds	—	—	249,579	—	251,546	—	—	—	501,125
	2,059,309	2,154,106	2,970,423	1,789,594	4,044,970	4,461,273	174,371	6,344,548	23,998,594
Obligations related to securities sold short ⁽²⁾	263	87,320	25,489	35,816	448,671	730,110	1,953,217	15,526	3,296,412
Obligations related to securities sold under repurchase agreements	3,869,657	—	—	—	—	—	—	—	3,869,657
Other liabilities	3,783	3,773	3,767	3,757	26,535	25,020	39,179	1,611,796	1,717,610
Debt related to securitization activities⁽³⁾									
Subordinated debt	—	—	—	—	330,903	—	—	—	330,903
Shareholders' equity	—	—	—	—	—	—	—	2,881,820	2,881,820
Total liabilities and equity	\$6,720,428	\$2,642,131	\$3,887,698	\$2,663,310	\$7,496,176	\$12,414,220	\$3,470,043	\$10,853,690	\$50,147,696

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

(2) Amounts are disclosed according to the remaining contractual maturity of the underlying security.

(3) Personal loan securitization cash flows are based on a behavioural prepayment model.

In thousands of dollars	Term								Total
	0 to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specific maturity	
Assets⁽¹⁾									
Cash and non-interest-bearing deposits with banks	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 53,319	\$ 53,319
Interest-bearing deposits with banks	1,170,693	20,000	40,000	—	—	—	—	213,579	1,444,272
Securities	521,410	224,485	346,709	285,723	552,202	1,894,590	2,220,153	54,362	6,099,634
Securities purchased under reverse repurchase agreements	2,614,925	953,565	—	—	—	—	—	—	3,568,490
Loans⁽²⁾									
Personal loans	2,121	403	456	387	1,671	4,014	409	2,096,965	2,106,426
Residential mortgages	920,367	942,277	1,143,616	1,178,907	4,132,572	8,093,935	27,107	99,136	16,537,917
Commercial loans	2,625,948	1,070,166	1,135,154	889,185	2,649,841	2,904,579	1,097,350	4,241,964	16,614,187
Allowances for loan losses	—	—	—	—	—	—	—	[189,377]	[189,377]
	3,548,436	2,012,846	2,279,226	2,068,479	6,784,084	11,002,528	1,124,866	6,248,688	35,069,153
Other assets	477	322	354	445	486	753	—	1,163,585	1,166,422
Total assets	\$ 7,855,941	\$ 3,211,218	\$ 2,666,289	\$ 2,354,647	\$ 7,336,772	\$ 12,897,871	\$ 3,345,019	\$ 7,733,533	\$ 47,401,290
Liabilities and equity									
Deposits									
Personal deposits ⁽²⁾	\$ 2,281,184	\$ 1,415,245	\$ 1,881,402	\$ 1,343,401	\$ 2,769,717	\$ 3,824,340	\$ 455,680	\$ 5,742,908	\$ 19,713,877
Business, banks and other deposits ⁽²⁾	119,320	45,725	68,896	52,011	200,480	77,754	5,163	1,224,055	1,793,404
Wholesale deposits	375,223	352,377	5,377	390,328	25,000	—	—	—	1,148,305
Covered bonds	—	—	—	—	248,358	260,010	—	—	508,368
	2,775,727	1,813,347	1,955,675	1,785,740	3,243,555	4,162,104	460,843	6,966,963	23,163,954
Obligations related to securities sold short⁽³⁾	85	94,286	47,986	71,489	151,741	616,720	1,277,230	1,404	2,260,941
Obligations related to securities sold under repurchase agreements	3,659,337	2,184	54	—	—	—	—	—	3,661,575
Other liabilities	3,675	3,655	3,589	3,553	27,118	23,838	48,493	1,549,165	1,663,086
Debt related to securitization activities⁽⁴⁾	629,818	357,153	923,312	621,377	3,147,164	6,490,457	1,327,176	—	13,496,457
Subordinated debt	—	—	—	—	—	326,793	—	—	326,793
Shareholders' equity	—	—	—	—	—	—	—	2,828,484	2,828,484
Total liabilities and equity	\$ 7,068,642	\$ 2,270,625	\$ 2,930,616	\$ 2,482,159	\$ 6,569,578	\$ 11,619,912	\$ 3,113,742	\$ 11,346,016	\$ 47,401,290

(1) Certain comparative figures have been reclassified to conform to the current year presentation.

(2) Amounts collectible on demand are considered to have no specific maturity.

(3) Amounts are disclosed according to the remaining contractual maturity of the underlying security.

(4) Personal loan securitization cash flows are based on a behavioural prepayment model.

OPERATIONAL RISK MANAGEMENT

Operational Risk is defined as the result of an inadequacy or failure attributed to processes, people, systems or external events, excluding legal and regulatory compliance, strategic and reputational risks. Operational Risk is inherent in all the Bank's activities and can lead to significant impacts on the business, including financial loss, reputational harm and/or regulatory sanctions. Although operational risk cannot be eliminated entirely, it can be managed in a thorough and transparent manner to keep it at an acceptable level. Given the large volume of transactions processed on a daily basis, and the complexity and speed of business operations, there is a possibility that certain operational or human errors may be repeated or compounded before they are discovered and rectified. The Operational Risk Management Framework determines how that risk is identified, evaluated and the decisions made to accept, mitigate or transfer the risk.

Operational risk is further broken down into the following categories:

- Fraud;
- Cyber Security and Protection;
- Human Resources Management and Workplace Health and Safety;
- Customer Products and Practices;
- Damage to Physical Assets and Business Continuity;
- Technology Operations;
- Execution, Delivery and Process Management;
- Data Management; and
- Third Parties.

The Operational Risk Management Framework and Policy describe the operational risk management program based on the “three lines of defence” model and specify the roles and responsibilities of the various stakeholders. As the first line of defence, the business units own the risks generated by their day-to-day activities and are accountable for their effective management. Operational Risk Management, as part of the second line of defence, establishes the operational risk management framework, provides independent oversight of risk-taking by the first line of defence and conducts an effective objective assessment of their risk profile. Internal Audit, as the third line of defence, examines the approach and effectiveness of the operational risk management program.

The Operational Risk Management Framework outlines how operational risk is managed. Key elements of this framework include:

- The *Operational Risk appetite* is aligned to the overall risk appetite of the organization establishing boundaries of permitted risk taking.
- *Risk and control assessment* is performed by the various business units and aims to identify, assess and mitigate the key operational risks related to their sectors and their key processes.
- *Risk and control assessment related to initiative management* is performed to ensure that the key risks related to important initiatives are identified, assessed and effectively mitigated.
- *Internal and external risk events* provide useful information to assess the Bank’s overall operational risk exposure and to reduce the likelihood of future risk events. Business units are required to produce root cause analyses of major events to prevent their re-occurrence.
- *Key risk indicators* provide objective measurements that facilitate the monitoring and management of operational risks.
- *Scenario analysis* provides insight to the potential impact and our preparedness for low probability but severe impact risk events and insight into how they may be potentially mitigated.
- *Sound business continuity management* aims to ensure that key activities are maintained in the event of a disruption to reduce the negative impacts on our customers, counterparties and other stakeholders.
- *Supervision of the third party risk management* implements robust control mechanisms so that the use of a third party proving to be more efficient, competent or less expensive, does not create undue risk for the Bank.
- *Reporting of the Operational Risk profile* is performed on a quarterly basis incorporating all the operational risk tools into the assessment. These risk profiles are discussed and challenged via the various governance committees and ultimately consolidated to provide an enterprise view of operational risk.
- A *corporate insurance program* protects against unexpected material losses and is used to satisfy requirements under the law, regulations or contractual agreements.

LEGAL AND REGULATORY COMPLIANCE RISK MANAGEMENT

The success of the Bank’s business is dependent on our ability to manage our exposure to legal and regulatory compliance risk. The financial services industry is highly regulated and subject to strict enforcement of legal and regulatory requirements. Under the direction of the Chief Risk Officer, our Regulatory Compliance team maintain enterprise-wide policies to identify, assess, manage, monitor and report on regulatory compliance risk.

We define Legal Risk as the potential for loss or harm arising from how requirements or contractual obligations apply to the Bank, including laws, regulations, rules, prescribed practices and fiduciary obligations. It does not include non-conformance with ethical standards. Failing to identify and manage Legal Risk may result in civil or criminal litigation, administrative penalties, supervisory findings, enforcement actions, financial loss, reputational damage, restricted business activities, increased regulatory supervision or intervention or the imprisonment or regulatory examination of employees, officers and directors.

We define Regulatory Compliance Risk as the potential of non-conformance with applicable obligations resulting from laws, statutes, regulations, rules, guidelines, directives of lawful authorities, other regulatory directives or requirements, related self-regulatory

organization requirements, public commitments and voluntary codes which apply to the daily activities of the Bank. Failing to manage Regulatory Compliance Risk may result in civil or criminal litigation, administrative penalties, supervisory findings, enforcement actions, financial loss, reputation damage, restricted business activities, increased regulatory supervision or intervention or the imprisonment or regulatory examination of officers and directors. The Regulatory Compliance Management Policy describes the Bank's Regulatory Compliance Management Program (RCM), which includes the following elements:

- Identification of the regulatory requirements applicable to the Bank;
- Definition of key risk appetite indicators to measure and monitor exposure to regulatory compliance risk;
- Regulatory Compliance risk assessments are performed by the various business units to assess compliance with applicable regulatory requirements;
- Development, documentation, application of risk mitigation measures and self-assessment of the effectiveness of controls to ensure compliance with regulatory requirements;
- Independent assessment of the effectiveness of controls performed by the Office of the Chief Compliance Officer;
- Identification and reporting of regulatory issues and situations of non-compliance as appropriate; and
- Reinforcement of controls and correction of regulatory issues and situations of non-compliance.

Regulatory Compliance Risk management includes among other things, regulatory requirements related to Anti-Money Laundering and Terrorist Activity Financing (AML), Sanctions, Anti-bribery/Anti-corruption and personal information protection and consumer protection, which are governed by specific policies. Risk management reports are submitted quarterly to the Corporate Risk Committee and the Risk Management Committee of the Board.

The Regulatory Compliance Management Governance Committee, co-chaired by the Chief Compliance Officer and the Chief Anti-Money Laundering (AML) Officer, is responsible for the oversight and annual assessment of the Regulatory Compliance Management (RCM) Program and the Anti-Money Laundering and Terrorist Financing (AMLTF) Program. The effectiveness of the RCM Program, including the AMLTF Program, is assessed annually.

STRATEGIC RISK MANAGEMENT

We define Strategic Risk as the potential for loss or harm that arise from, or is caused by inadequate business plans, strategies or decision-making processes and the improper allocation and use of the Bank's resources. It also arises from the potential adverse effects of any changes in the economic, competitive, regulatory, tax or accounting environment on the Bank's results and/or the unintentional or negligent failure to respond appropriately to these changes as a result of inaction, ineffective strategies or poor implementation of strategies. Strategies include merger and acquisition activities.

The Executive Committee is responsible for managing the Bank's Strategic Risks. Each year, a strategic planning process is carried out to analyze strengths, weaknesses, opportunities, and threats to determine the profitability and risk profiles of the Bank. The Bank's overall strategy is established by the Executive Committee and submitted to the Board of Directors for approval.

The Executive Committee is responsible for the execution of the Bank's strategic plan and monitoring the Bank's ability to meet its objectives and its strategic vision for growth and modernization, while protecting profitability.

REPUTATIONAL RISK MANAGEMENT

We define Reputational Risk as the risk that perceptions of stakeholders, whether true or not, regarding the Bank's business practices, actions or inactions will negatively impact the Bank's image, value, goodwill, brand, revenues, operations, liquidity, or client base, or require costly litigation or other measures to remediate.

Reputational Risk most often results from, or exists in parallel with the inadequate management of other risks, and may affect almost every activity of undertaken by a financial institution, even when operations are, from a technical point of view, in compliance with legal, accounting and regulatory requirements. The Bank's reputation is a valuable business asset that is essential to its continued growth and shareholder value and therefore, is constantly at monitored for potential risk.

The Corporate Risk Committee controls and supervises reputational risk management through the application of a Reputational Risk Policy. This policy is an integral part of the Risk Management Framework. Throughout the execution of the Bank's strategies, officers, administrators, managers and every employee are responsible for ensuring the Bank's reputation remains adequate. The Code of Conduct and other policies also enable the adequate management of potential threats that could have a direct or indirect impact on the Bank's reputation.

MODEL RISK MANAGEMENT

The Bank employs various models to guide business decisions, manage risk, and allocate capital. A model is a methodology, system and/or approach that applies theoretical and expert judgmental assumptions and statistical techniques to process input data to generate quantitative estimates. Model Risk refers to the potential for loss or adverse outcomes when models or estimation methods fail to perform as expected, fail to capture risk accurately, or are used inappropriately. This risk can result in financial losses, reputational damage, or misguided strategic decisions. The Bank's Model Risk Management Policy provides a structured framework for identifying,

assessing, managing, and mitigating the risks associated with model usage. The Bank's models are regularly updated by model developers to reflect current trends. In addition, models undergo validation by an independent group, separate from the model developers and business units, ensuring their accuracy and reliability.

OTHER RISKS THAT MAY AFFECT FUTURE RESULTS

In addition to the major business risks described above, there are other risks, many of which are beyond the Bank's control and the effects of which can be difficult to predict or measure, that could cause the Bank's actual results to differ significantly from its plans, objectives and estimates.

The following section presents a summary of the other risks that may affect results.

Risk related to the Transactions announced on December 2, 2025

On December 2, 2025, Laurentian Bank and National Bank (directly or through one or more affiliates) have entered into the Retail/SME Agreement in respect of the Retail/SME Transaction and the Syndicated Loan Agreement in respect of the Syndicated Loan Transaction.

In parallel, Laurentian Bank and Fairstone Bank have entered into the Acquisition Transaction Agreement in respect of the Acquisition Transaction (the Acquisition Transaction and the National Bank Transactions collectively, in this section only, the "Transactions").

The completion of the Transactions and the Syndicated Loan Transaction is subject to known and unknown risks, uncertainties, and other factors, such as, but not limited to:

- The risk that the Transactions will not be completed on the terms and conditions, or on the timing, currently contemplated;
- The risk that the Transactions may not be completed at all, due to a failure to obtain or satisfy, in a timely manner or otherwise, required Laurentian Bank Shareholder in respect of the Acquisition Transaction and regulatory approvals and other conditions to the closing of the Transactions or for other reasons;
- The risk that competing offers or acquisition proposals will be made;
- The negative impact that the failure to complete the Transactions, for any reason, could have on the price of the Laurentian Bank Shares or on the business of Laurentian Bank;
- The possibility of adverse reactions or changes in business relationships resulting from the announcement or completion of the Transactions;
- Risks relating to Laurentian Bank's ability to retain and attract key personnel during and following the interim period;
- The possibility of litigation relating to the Transactions;
- Credit, market, currency, operational, liquidity and funding risks generally and relating specifically to the Transactions, including changes in economic conditions, interest rates or tax rates; and
- Those other risks discussed in greater detail under the "Other Risks That May Affect Future Results" section of Laurentian Bank's 2025 Annual Report.

The Bank expects to incur substantial expenses in connection with completion of the Transactions, including legal and financial advisory costs. In addition, if the Transactions are not completed in certain circumstances, the Bank may be required to pay a termination fee of \$40 million to Fairstone Bank and of \$10 million to National Bank, the result of which could have a material adverse effect on the Bank's business, financial position and results of operations. A reverse termination fee of \$40 million by Fairstone Bank and of \$10 million by National Bank would be payable to Laurentian Bank in certain circumstances where key regulatory approvals are not obtained prior to the outside date.

General economic and business conditions

The Bank operates and serves customers and clients in Canada and the United States. The Bank's financial performance is significantly affected by the general economic and business conditions in these countries, and such conditions could have an adverse impact on the Bank's results, business, financial condition, or liquidity, and could result in changes to the way the Bank operates. Economic factors, including, the current stance and future path of monetary and fiscal policies, exchange rates variations, CPI inflation, labour market conditions, real estate market conditions, household and business indebtedness, spending and savings behaviours may have an effect on overall revenue and earnings. Furthermore, economic downturn, negative or slow growth, recession, and financial market developments, including, market liquidity and fluctuations in interest rates, exchange rate variations, may influence revenue and earnings. An economic downturn can make it more difficult to meet business objectives. Also, non-economic domestic and global factors can have an indirect impact on broad economic and financial conditions, in countries in which the Bank operates. These include the climate transition, natural disasters, geopolitical events, civil unrest, infectious diseases.

Geopolitical Risks

Government policy, trade protectionism notably taking the form of tariffs, shifts, supply chain, war and armed conflict, social unrest, terrorism, international and regional hostilities and tensions and responses to such hostilities and tensions, and political uncertainties across the world may, directly and indirectly, impact market and economic stability in the countries where the Bank operates, and the

industries and markets in which the Bank conducts business. In addition, protectionist measures adopted by some countries that directly or indirectly affect Canada and the U.S.

Reliance on technology and third parties

The Bank recognizes the added value of using third parties to provide access to leading applications, cloud platforms, innovative products and specialized support to carry out our strategy. This has led the Bank to rely on third parties as part of its technological, cloud and operational infrastructures for critical services. An interruption in the availability of any one of these services, regardless of its downtime, can have an adverse impact on the Bank's ability to operate in the normal course of business. Such an interruption can also adversely impact the Bank's service quality and reputation, and our employees and their ability to continue working in-office or remotely.

To mitigate against related risks, the Bank's risk management framework includes, a number of preventive measures, such as requirements to have third parties and their products and services vetted and validated in accordance with the Bank's risk management procedures before agreements are executed and monitored after they are on-boarded. Despite the Bank's efforts to manage and mitigate third party risks, there remains the possibility that certain risks will materialize that may be beyond the Bank's control or ability to manage, effectively, timely, or otherwise.

Technology, information systems and cybersecurity

Technology, which is now omnipresent in daily lives, is at the heart of banking services and has become the main driver of innovation in the financial sector and how banking services are now delivered. As such, the security, networks, systems, and performance of the Bank's information and technology infrastructure are critical to the Bank's operations, ensuring the integrity of its systems and records and for maintaining the confidence of the Bank's clients and other stakeholders.

Due to the nature of the Bank's operations, its reliance on technology to conduct day-to-day activities, and its evolving technological infrastructure, the Bank is and remains subject to increased and evolving threats in the form of cyber-attacks, such as ransomware, data exfiltration, malicious attacks, phishing, compromised assets, malicious insiders and possible denial of service attacks. Threats are not only increasing in volume but in their sophistication as adversaries and threat actors use ever evolving technologies and attack methodologies. The Bank's use of and reliance on third-party service providers, which are also subject to these attacks and compromises, increases the Bank's risk of a potential attack, breach or disruption as it does not have direct control over their systems, control environment, and business continuity plans.

Processes are in place to protect the Bank's network and operations from cyber incidents and emerging cyber threats and oversee key third-party service providers control environment. The Bank continues to make strategic investments to maintain its cyber defences in accordance with industry accepted standards and practices. Nonetheless, the Bank is exposed to risks related to cybersecurity and the increasing sophistication of cyber-attacks. Losses in connection with these evolving risks include those relating to reputational damage, the misappropriation or unauthorized release of confidential, financial or personal information, corporate espionage, loss of business opportunities, damage to computer systems and those of our customers and counterparties, violations of privacy laws, as well as disruption to operations. Furthermore, such attacks may result in client attrition, regulatory sanctions or penalties, litigation, compliance costs, remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage.

Technological disruption, competition and strategic plan

The increasing pace of technological innovation continues to impact the financial services industry and its customers. Non-financial institutions continue to offer banking products and services in competition with traditional banks in certain segments of banking, including, retail payments, consumer and commercial lending, foreign exchange and investment advisory services using new technologies, artificial intelligence, advanced data and analytical tools. Such non-traditional service providers may operate with less stringent regulatory requirements and oversight and without the costs associated with brick-and-mortar businesses. Failure to keep pace with these competitors and the competition they enable could impact short-term and long-term revenues and earnings over time, if customers choose the products and services they offer. Increased competition from non-traditional service providers, both incumbent and new entrants, requires the Bank to make additional short-term and long-term investment in order to meet clients' changing expectations, acquire and retain customers, streamline operations and to remain competitive, which may increase expenses. In addition, the Bank's pricing of products and services may be impacted and may cause it to lose revenue and/or market share. The capacity of the Bank to manage these risks or to innovate and develop technology or keep pace with evolving technologies can affect prospective results. Furthermore, failure to properly review critical changes within the business before and during the implementation and deployment of key technological systems or failure to align client expectations with the Bank's client commitments and operating capabilities could adversely affect the Bank's operating results or financial position.

The Bank continues to launch various initiatives with the objective of building a stronger foundation and modernizing the Bank in order to improve financial performance. There can be no assurance that these initiatives will succeed in whole or in part. Implementation of these initiatives present various managerial, organizational, administrative, operational and other challenges, and the Bank's organizational, administrative and operational systems may require adjustments. If the Bank is unable to successfully execute on any or all of the initiatives, the Bank's revenues, operating results, and profitability may be adversely affected. Even if the Bank successfully implements its initiatives, there can be no guarantee that it will achieve its intended objectives of improved revenues, operating results and/or profitability. A renewed strategic direction may also be required to achieve such objectives.

The Bank is delivering personalized banking experiences for its customers, through mobile technologies. The Bank is continuously looking at emerging business trends that may further improve banking experiences. In this regard, the Bank is considering various options, including making strategic investments to keep pace with market and emerging trends, exploring partnership opportunities, and

experimenting with emerging technologies and processes, internally. However, there can be no guarantee that such initiatives will be successful or will achieve the desired results.

Accounting policies, estimates and developments

The Bank's accounting policies and estimates are important to understanding its Consolidated Financial Statements. Some accounting policies require management to apply judgment to make particularly significant estimates that, by their very nature require complex judgments and estimates and relate to matters that are inherently uncertain. Changes in these estimates could materially affect the Bank's Consolidated Financial Statements. In addition, changes in accounting standards, including their effect on the Bank's accounting policies, estimates and judgments may affect the Bank's Consolidated Financial Statements when a new standard becomes applicable. Procedures have been established to ensure accounting policies are applied consistently and the process for adopting new accounting standards is well controlled. Please refer to the sections "Critical Accounting Policies and Estimates" and "Future Changes to Accounting Policies" for further details.

Legal and regulatory compliance

The financial sector continues to face a dynamic and increasingly complex risk environment. Key emerging risks—such as geopolitical instability, cyber threats, and the rapid integration of advanced technologies—are prompting heightened regulatory scrutiny. These developments have underscored the need for stronger governance, ethical conduct, and operational resilience. Institutions are expected to proactively manage culture and integrity risks to maintain stakeholder trust and ensure long-term stability in the face of systemic challenges. In response, the Bank is enhancing risk management frameworks, investing in cybersecurity, and strengthening oversight of organizational culture and third-party relationships to better navigate systemic challenges and maintain stakeholder trust.

The Bank operates in a complex legal and regulatory environment and the Bank is from time to time subject to a variety of legal proceedings, including civil claims and lawsuits, criminal charges, regulatory examinations, investigations, audits and requests for information by various governmental regulatory agencies and law enforcement authorities in various jurisdictions.

The Bank's Legal Affairs & Regulatory Compliance teams ensure that the Bank complies with applicable laws, regulations, rules and prescribed practices, and its contractual and fiduciary obligations. However, it remains possible that the Bank may receive an adverse judicial, administrative or regulatory judgment or decision that results in fines, administrative monetary penalties, damages, penalties, or other costs or injunctions, criminal convictions, or loss of licenses or registrations that would damage the Bank's reputation, and negatively impact its earnings and ability to conduct some of its businesses. In addition, the Bank is subject to litigation risk arising from the ordinary course of its business and as such the adverse resolution of any litigation could have a significant adverse effect on its results or could give rise to significant reputational damage, which in turn could impact its future business prospects. Although the Bank establishes provisions for the measures it is subject to under accounting requirements, actual losses resulting from such litigation could differ significantly from the recognized amounts. Refer to Note 26 of the Consolidated Financial Statements for additional information about the Bank's significant legal proceedings.

The Bank is subject to extensive regulations, regulatory oversight, and regulatory changes. Changes to laws, including tax laws, regulations or regulatory policies, as well as any uncertainty in how they are interpreted, implemented or enforced, could adversely affect the Bank, for example, by lowering barriers to entry in the industries and sectors in which the Bank operates, increasing costs of compliance or limiting the Bank's products and activities, and ability to execute its strategic plan. Capital and liquidity requirements under the Basel Committee on Banking Supervisions global standards (Basel III), will also continue to affect the Bank's activities.

There are a number of government-led initiatives underway in Canada that may impact financial institutions, including regulatory initiatives relating to payments evolution and modernization, open banking, consumer protection, protection of customer data, dealing with vulnerable persons, culture, integrity and security, and anti-money laundering. The Bank has invested in, and will continue to invest in, operational and compliance costs resulting from these initiatives and changes.

Although the Bank devotes substantial legal, regulatory compliance and operational resources toward monitoring applicable regulatory developments, ensuring compliance with regulations and regulatory developments, and ensuring that compliance deadlines are met, the Bank may not be able to predict with certainty the impact of a regulatory development, or how such regulatory development will impact the Bank, or how such regulatory development will be interpreted by governments, regulators, and courts once it becomes effective. These developments require considerable mobilization of technical, human and financial resources in a very short span of time and therefore increase ongoing operational, compliance, and technology costs and therefore impact the complexity of operations and profitability.

Money laundering, terrorist financing, economic sanctions and data privacy violations represent material risks, including regulatory, legal, financial and reputational exposure. The global anti-money laundering and economic sanctions landscape continues to experience regulatory change, with significant, complex new laws and regulations that have, or are anticipated to come into force in the short and medium-term in many of the jurisdictions in which the Bank operates. Changes to AML regulatory reporting requirements continue to challenge the financial industry and add complexity to the implementation schedule. It is widely recognized that financial institutions are uniquely positioned and possess the means to assist in the fight against money laundering, terrorist financing, and criminal activity through prevention, detection, deterrence and the reporting of information. In addition, the global data and privacy landscape continues to undergo significant regulatory change, with new legislation and amendments to existing legislation anticipated in Canada and other jurisdictions in which the Bank does business.

Operational resilience

OSFI Guideline E-21 first came into effect in 2016, setting out expectations for financial institutions' operational risk management. An updated guideline was published on August 22, 2024, and sets expectations for financial institutions in Canada to prepare for and recover from severe disruptive events. It emphasizes operational resilience, which is crucial for maintaining the integrity and security of financial institutions. Key requirements include:

- Governance: Establishing an effective operational risk management framework with clear accountability;
- Operational Risk Management: Implementing a comprehensive framework that includes risk appetite statements, monitoring tools, and assessment methods; and
- Operational Resilience: Identifying critical operations and ensuring they can withstand severe disruptions while maintaining critical operations.

Financial institutions are expected to immediately adhere to governance and operational risk management expectations. There is a phased implementation approach for other expectations in the guideline, with full adherence and operationalization expected by September 1, 2026. The Bank has an ongoing project to meet the requirements by the effective date.

Fraud and criminal activity

As a financial institution, the Bank is inherently exposed to various types of fraud, scams, theft, and other financial crime. The sophistication, complexity, and materiality of these crimes evolves quickly, and these crimes can arise from numerous sources, including potential or existing clients or customers, agents, third parties, including suppliers, service providers and outsourcers, other external parties, contractors or employees. In deciding whether to extend credit or enter into other transactions with customers or counterparties, the Bank may rely on information furnished by or on behalf of such customers, counterparties or other external parties including financial statements and financial information and authentication information. The Bank may also rely on the representations of customers, counterparties, and other external parties as to the accuracy and completeness of such information. In order to authenticate customers, whether through the Bank's phone or digital channels or in its branches, the Bank may also rely on certain authentication methods which could be subject to fraud or be compromised. In addition to the risk of material loss (financial loss, misappropriation of confidential information or other assets of the Bank or its customers and counterparties) that could result in the event of a financial crime, the Bank could face legal action and client and market confidence in the Bank could be impacted.

Human capital

The Bank's future performance is largely dependent on its ability to attract, develop and retain key talent. Within the financial industry, competition for employees and senior executives is intense, and there can be no assurance that the Bank will be able to attract and retain these individuals, which could impact its operations and competitiveness. If the skill sets and diversity of the Bank's workforce, including senior management, do not match the operational requirements of the Bank and foster a winning culture, the Bank will likely not be able to sustain its performance. The ability to retain and motivate the Bank's management team or attract suitable replacements should any members of the management team leave is dependent on, among other things, the competitive nature of the employment market and the career opportunities and compensation that the Bank can offer. The loss of key employees, through attrition or retirement or any deterioration in overall employee morale and engagement resulting from organizational changes could have an adverse impact on the Bank's objectives, operations and financial results. Failure to establish a complete and effective succession plan, including preparation of internal talent and identification of potential external candidates, where relevant, for key roles, could impair business until qualified replacements are found.

Insurance risk

Insurance risk is the risk of loss that may occur when assumptions related to insurance risks assumed by the Bank, particularly about formulating assumptions used to set premiums or for the valuation of reserves, differ from actual insurance results. The Bank assumes certain insurance risks, mainly regarding creditor insurance products. Insurance risk is managed within an independently managed program overseen by insurance experts and by Bank representatives. Reinsurance coverage is underwritten to reduce the Bank's exposure arising from significant claims and catastrophes, including, terrorist events. In addition, the design and pricing of insurance products distributed by the Bank are reviewed by actuarial consultants based on best practices.

Business continuity

Unexpected external events such as natural disasters, terrorism, social unrest, pandemics, epidemics, health crises and other crises and events capable of causing disruption are factors that can impact the Bank's ability to operate its businesses, including, providing clients access to products and services. Resources, processes and results of the Bank could be affected by the Bank's inability or delayed ability to activate a business continuity plan in a timely manner. Contingency planning for such events has been considered in the Bank's Risk Management Framework and is managed through the Business Continuity Management Policy, which provides the capability to restore, maintain and manage critical operations and processes in the event of a business disruption.

Business infrastructure

The Bank deals with third parties to secure certain components, products and services essential to its business infrastructure, such as internet connections and various communication and database services. Disruption of such services, regardless of its size and nature, could adversely affect the Bank's ability to provide its products and services to its clients, disrupt operations, and cause reputational harm.

Environmental and social risk

The Bank has an Environmental and Social (E&S) Risk Management group, operating under Operational Risk Management, that has E&S risk oversight accountabilities. This includes developing and implementing an E&S risk management framework, policies, processes, and governance to proactively identify, assess, manage, and report on identified risks. We are continuously working on advancing our E&S risk management capabilities and understanding of the potential direct impacts on our own business and operations, as well as indirect impacts on our customers and suppliers.

The Bank recognizes the importance of E&S risk management practices and processes and is committed to regular and transparent disclosure. The Bank supports and has committed to adopting the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We have developed and continue to execute against our E&S risk roadmap that defines the Bank's short, medium and long-term climate-related priorities which are aimed at enhancing our understanding and disclosure of the evolving impact of climate-related risks. The risks and opportunities related to climate change were also considered by Laurentian Bank as part of our enterprise strategic review.

Governance

The Board and its Committees provide oversight of the Bank's strategic approach to climate change and its E&S risks, which includes how the Bank manages climate-related risks and opportunities. Three Committees of the Board of Directors—the Risk Management Committee, the Human Resources and Governance Committee, and the Audit Committee—each have oversight of climate-related risks and opportunities that are specific to their respective oversight responsibilities.

The ESG/Climate Risk Committee is composed of the Chief Financial Officer and the Chief Risk Officer, as well as representatives from the Strategy & Transformation Office, Finance, and Risk Management teams. The ESG/Climate Risk Committee's mandate includes oversight of regulatory-related elements of climate governance, risk, strategy and disclosures, in addition to the current voluntary TCFD participation. The Committee is responsible for making decisions on key elements of the E&S risk roadmap and climate-related financial disclosures. The dedicated E&S risk management team develops approaches to identify, assess, monitor and report on climate-related risks, as appropriate.

Strategy

The banking sector is exposed to both physical risks related to extreme weather events and chronic impacts of changing weather patterns, as well as transition risks related to the move to a net-zero carbon economy. The Bank assesses these risks and opportunities in the context of our business lines and geographic footprint. Accordingly, we proactively screen and manage climate-related risks of two lending portfolios—residential mortgages and commercial real estate—and put practices into place to reduce greenhouse gas emissions in our day-to-day operations.

Risk management

Climate-related risks are currently managed under the Operational Risk management team. The Bank has developed a climate risk heatmapping framework and conducted a climate risk identification and assessment on our commercial loan and residential mortgage portfolios at the sector level. This initial risk assessment helped us identify portfolios and industries that are most susceptible to climate-related risks. The Bank also conducted the Standardised Climate Scenario Exercise (SCSE), as prescribed by OSFI, to gain meaningful insights into the Bank's exposure to physical and transition risks, and to develop the Bank's capacity to conduct climate scenario analysis and risk assessments. We consider the SCSE to be a foundational step in helping us further embed the results of these scenario exercises in our management information systems and business strategy and model. The framework will continue to evolve and will assist with the integration of climate risks into our overall risk management approach, guide the Bank's strategy, and serve as a basis for the Bank's climate scenario analysis of these industries.

Climate risk is integrated into the Bank's enterprise risk registry, which serves to identify all potential risks and assess their materiality to the organization. As part of our enterprise-wide climate risk identification and assessment process, the Bank has developed an initial climate risk inventory to evaluate the potential impacts of climate change on the Bank, its assets, and its clients. Over time, the Bank will continue to strengthen its approach by implementing targeted actions to manage and mitigate these risks.

Legal and regulatory, business or reputational risks could arise from actual or perceived actions, or inaction, in our operations and those of our customers in relation to climate change and other environmental and social risk issues, or our disclosures related to these matters. Risks related to these issues could also affect our customers, third parties or other stakeholders, which could heighten business or reputation risks. Globally, climate-related litigation or enforcement measures could arise from new and more detailed obligations to manage and report climate-related risks.

Metrics and targets

The Bank is committed to identifying metrics and targets as part of its E&S risk roadmap. In 2020, the Bank initiated the calculation of its carbon footprint—covering Scope 1 and Scope 2 emissions—based on the WRI/WBCSD Greenhouse Gas (GHG) Protocol. Building on this foundation, in 2022, the Bank expanded its analysis, leveraging the GHG Protocol approach and tools to calculate GHG emissions for Scope 1 and Scope 2 across our footprint, as well as for Scope 3 business travel emissions and Scope 3 financed emissions for the corporate real estate (CRE) asset class. In 2023, the Bank calculated Scope 3 financed emissions for residential mortgage loans.

The Bank is also committed to reducing its environmental footprint by implementing, on a voluntary basis, various eco-responsible measures aimed at reducing its GHG emissions. The Bank applies best practices when it comes to energy and waste management in its operations and encourages its employees to also consider the environment in their daily actions. The Bank's corporate offices are located in LEED-certified buildings.

Regulatory developments concerning E&S risk

OSFI Guideline B-15: Climate Risk Management

On March 7, 2023, OSFI issued Guideline B-15: Climate Risk Management (Guideline B-15), which sets out OSFI's expectations for the management and disclosure of climate-related risks for federally regulated financial institutions (FRFIs) and aims to support FRFIs in developing greater resilience to, and management of, these risks. On March 20, 2024, OSFI published a new version of Guideline B-15, the required disclosures of which more closely align with those of the International Sustainability Standards Board's final version of IFRS S2 Climate-related Disclosures standard. At the same time, OSFI also released new Climate Risk Returns that will collect standardized data on emissions and exposures. The data collected by OSFI will support its climate risk supervisory activities. Most of the B-15 disclosure requirements became effective for SMSBs as of fiscal year-end 2025, while certain additional requirements will apply in fiscal 2026 and beyond. The Bank is actively engaged in a project to ensure full compliance with Guideline B-15 by the expected reporting deadline, which is no later than 180 days following fiscal year-end.

Culture Risk

In November 2024, OSFI issued a regulatory notice emphasizing the importance of managing culture Risk within federally regulated financial institutions. Culture Risk refers to the misalignment between a bank's stated desired culture—comprising the shared values, mindsets, beliefs, and assumptions that guide what is important and how people should behave—and its actual culture, which may hinder the achievement of strategic and operational objectives. The Bank has taken proactive steps to assess and strengthen the alignment between our desired culture and the behaviours and practices observed across the organization. This includes enhanced measurement tools, governance oversight, and embedding culture considerations into our risk management and decision-making frameworks. A strong, aligned culture is foundational to sound risk management, regulatory compliance, and the long-term strategic success of the Bank.

Other factors

Other factors, which are not under the Bank's control, could affect results, as discussed in the Caution Regarding Forward-Looking Statements on page 17 of this MD&A. It should be noted that the foregoing list of factors is not exhaustive.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Bank's disclosure controls and procedures (DC&P) are designed to provide reasonable assurance that all relevant information has been collected and submitted to the Bank's senior management which ensures adequate disclosure of such information. Internal Control over Financial Reporting (ICFR) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The President and Chief Executive Officer, and the Executive Vice-President and Chief Financial Officer are responsible for the implementation and maintenance of DC&P and ICFR, as set out in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings (National Instrument 52-109). They are assisted in this task by the Disclosure Committee, which is comprised of members of the Bank's senior management.

As at October 31, 2025, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer caused to be evaluated under their supervision the effectiveness of DC&P, in accordance with National Instrument 52-109, and based on that evaluation, concluded that they were effective and adequately designed at that date.

Moreover, as at October 31, 2025, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer caused an evaluation to be conducted on the design and effectiveness of the Bank's ICFR in accordance with Regulation 52-109. Based on this evaluation, they have concluded that, as of the evaluation date, the Bank's ICFR was appropriately designed and effective.

The DC&P evaluation was performed using the control framework established in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The evaluation of the design and effectiveness of ICFR was performed in accordance with the COSO control framework for entity level and financial controls, and Control Objectives for Information and related Technologies (COBIT) for general IT controls.

Given the inherent limitations of any control systems, management's evaluation of controls can only provide reasonable, not absolute assurance that all control issues that may result in material misstatement, if any, have been detected.

Changes to Internal Control over Financial Reporting

During the fourth quarter ended October 31, 2025, there have been no changes to ICFR that affected materially or are reasonably likely to materially affect ICFR.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The material accounting policies followed by the Bank are outlined in Notes 2 and 3 of the Consolidated Financial Statements. Some of these accounting policies are deemed critical as they require management to apply judgment or to make particularly significant estimates that, by their very nature, involve uncertainties. Changes in these judgments or estimates could materially affect the Bank's Consolidated Financial Statements. The critical accounting policies and estimates are described below.

Management has established controls and procedures to ensure that accounting policies are applied consistently and that the processes for determining estimates are controlled and reviewed.

In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of the items listed below, it is possible that the outcomes in future reporting periods could materially differ from those reflected in the financial statements.

Economic conditions impact on judgments, estimates and assumptions

The preparation of financial information requires the use of informed judgments and estimates, which are inherently influenced by expectations of future economic conditions. The macroeconomic environment remains highly uncertain, shaped by persistent geopolitical tensions and increased volatility across global financial markets. In particular, evolving U.S. political dynamics and the potential implementation of new or heightened trade barriers continue to challenge economic forecasting and the assumptions underpinning financial reporting. These factors contribute to an uncertain outlook for both the Canadian and U.S. economies and may materially impact the Bank's business activities, credit performance, and provisioning estimates. The Bank remains vigilant in monitoring these developments and adjusting its forward-looking assumptions accordingly.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The fair value of a financial instrument on initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. In certain circumstances, the initial fair value may be based on other observable market transactions for the same instrument or on a valuation technique.

Subsequent to initial recognition, the fair value of financial instruments is best evidenced by quoted prices in active markets when available. This fair value is based on the quoted price within the bid-offer prices that is most representative of fair value in the circumstances. Otherwise, fair value is measured using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Determining which valuation technique and inputs to apply requires judgment. Valuation techniques include cash flow discounting, comparison with current market prices for financial instruments with similar characteristics and risk profiles and option pricing models. The inputs, among other things, include contractual prices of the underlying instruments, yield curves and volatility factors. The valuations may also be adjusted to reflect the uncertainty in these parameters. Valuation adjustments may specifically be made with respect to the liquidity or counterparty credit risk of financial instruments that have no available quoted prices in active markets. Fair value reflects market conditions on a given date and for this reason cannot be representative of future fair values.

Fair value measurements are categorized into levels within a fair value hierarchy based on the valuation inputs used. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Bank's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices in active markets for identical financial instruments.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar financial instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Establishing fair value is an accounting estimate and has an impact on Securities at fair value through profit or loss, Securities at fair value through other comprehensive income, Derivatives and Obligations related to securities sold short on the Consolidated Balance Sheet. This estimate also has an impact on Income from financial instruments in the Consolidated Statement of Income. Lastly, this estimate has an impact on Other comprehensive income in the Consolidated Statement of Comprehensive Income.

Refer to Note 21 to the Consolidated Financial Statements for additional information.

ALLOWANCES FOR CREDIT LOSSES

At the end of each reporting period, the Bank applies a three-stage impairment approach to measure the expected credit losses (ECL) on all debt instruments measured at amortized cost or at FVOCI, on loan commitments and financial guarantees that are not measured at fair value and on lease receivables. ECLs are a probability-weighted estimate of credit losses over the remaining expected life of the financial instrument. The ECL model is forward looking. Measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions. Judgment is required in making assumptions and estimates, determining movements between the three stages, and applying forward-looking information. Any changes in assumptions and estimates, as well as the use of different, but equally reasonable, estimates and assumptions, could have an impact on the allowances for credit losses and the provisions for credit losses for the year. For additional information, see Note 6 to the Consolidated Financial Statements.

Determining the Stage

The ECL three-stage impairment approach is based on the change in the credit quality of financial assets since initial recognition. If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and an allowance for credit losses that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded. When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and an allowance for credit losses that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to Stage 1, i.e. recognition of 12-month expected credit losses. When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the impaired financial asset is migrate to the Stage 3, an allowance equal to the lifetime expected losses continues to be recorded or the financial asset is written off. Interest income is calculated on the gross carrying amount of the financial assets in Stages 1 and 2 and on the net carrying amount of the financial assets in Stage 3.

Assessment of significant increase in credit risk

In determining whether credit risk has increased significantly, the Bank uses an internal credit risk grading system and external risk ratings. To assess whether the credit risk of a financial instrument has increased significantly, the 12-month probability of default (PD) at the reporting date is compared with the 12-month PD at the date of initial recognition, and reasonable and supportable information indicative of significant increases in credit risk since initial recognition is considered. The Bank includes relative and absolute thresholds in the definition of significant increase in credit risk and a backstop of 30 days past due. All financial instruments that are 30 days past due are migrated to Stage 2 even if other metrics do not indicate that a significant increase in credit risk has occurred. The assessment of a significant increase in credit risk requires significant judgment.

Measurement of expected credit losses

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument, and reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions is considered. The estimation and application of forward-looking information requires significant judgment. The cash shortfall is the difference between all contractual cash flows owed to the Bank and all the cash flows that the Bank expects to receive.

The measurement of ECLs is based primarily on the product of the instrument's PD, loss given default (LGD), and exposure at default (EAD) credit risk model parameters. Forward-looking macroeconomic factors such as interest rates, unemployment rates, gross domestic product (GDP) forecasts and housing price indices are incorporated into the risk parameters. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The Bank incorporates three forward-looking macroeconomic scenarios in its ECL calculation process: a base scenario, an upside scenario, and a downside scenario. Probability-weights are attributed to each scenario. The scenarios and probability weights are reassessed quarterly and subject to management review. The Bank applies experienced credit judgment to adjust the modeled ECL results when it becomes evident that known or expected risk factors and information were not considered in the credit risk rating and modeling process.

ECLs for all financial instruments are recognized in provisions for credit losses in the Consolidated Statement of Income. In the case of debt instruments measured at FVOCI, ECLs are recognized in provisions for credit losses in the Consolidated Statement of Income, and a corresponding amount is recognized in Other comprehensive income with no reduction in the carrying amount of the asset on the Consolidated Balance Sheet. As for debt instruments measured at amortized cost, they are presented net of the related allowance for credit losses on the Consolidated Balance Sheet. Allowances for credit losses for off-balance-sheet credit exposures that are not measured at fair value are included in other liabilities on the Consolidated Balance Sheet.

Purchased or originated credit-impaired financial assets

On initial recognition of a financial asset, the Bank determines whether the asset is credit-impaired. For financial assets that are credit-impaired upon purchase or origination, in subsequent reporting periods the Bank recognizes only the cumulative changes in lifetime expected credit losses since initial recognition as an allowance for credit losses. The Bank recognizes changes in ECLs in provision for credit losses in the Consolidated Statement of Income, even if the lifetime ECLs are less than ECLs that were included in the estimated cash flows on initial recognition.

Default

The definition of default used by the Bank to measure ECLs and transfer financial instruments between stages is consistent with the definition of default used for internal credit risk management purposes. The Bank considers a financial asset as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred or when contractual payments are 90 days past due.

Write-offs

The Bank writes off an impaired financial asset and its related allowance for credit losses in whole or in part when it considers the probability of recovery to be non-existent and when all guarantees and other remedies available to the Bank have been exhausted and balances owing are not likely to be recovered.

Modified loans

In some cases, the original terms of a financial asset may be renegotiated or otherwise modified, affecting the contractual cash flows. In the event of a substantial change in terms from the original financial asset, the financial asset is derecognized, and a new financial asset is recognized. If the modification of contractual terms does not result in derecognition of the financial asset, the carrying amount of the financial asset is recalculated according to the present value of the renegotiated or modified contractual cash flows, discounted at the original effective interest rate and a gain or loss is recognized.

GOODWILL, OTHER INTANGIBLE ASSETS AND OTHER LONG-LIVED ASSETS

As at October 31, 2025 and 2024, the Bank had no goodwill on its consolidated balance sheet.

2025 Impairment test

As a result of the Transactions announced on December 2, 2025, indicators of potential impairment were identified for the Bank's P&C Banking and Capital Markets segment (refer to the Business Highlights section for additional details). Consequently, management performed an impairment test for the P&C Banking and Capital Markets CGUs as at October 31, 2025.

The recoverable amount of the CGUs is the greater of the value in use and its fair value less cost of disposal. If the recoverable amount of the CGU is less than its carrying value, an impairment loss is allocated to the other assets of the CGU proportionally based on the carrying amount of each asset. The impairment loss allocated to each asset shall not reduce the carrying amount of assets below its fair value less costs of disposal, its value in use or zero.

Management determined that the carrying amounts of the premises and equipment, software and other intangible assets within both CGUs was equal or less than their fair value less costs of disposal as at October 31, 2025. Therefore, no impairment loss was recorded.

The recoverable amount of the CGUs was estimated using a fair value less costs of disposal approach, using a market approach maximizing the use of relevant observable inputs. The fair value less costs of disposal of premises and equipment, software and other intangible were estimated based on the market, cost or income approach, depending on asset type, and considered the highest and best use of the asset from a market participant's perspective, which might be its current use or some alternative use.

Management considered that these estimates were reasonable and reflected management's best estimates but included inherent uncertainties. Reasonable changes in estimates and assumptions could have significantly impacted the impairment test results.

2024 Impairment test

In April 2024, indicators of potential impairment had been identified for the Bank's P&C Banking segment assets, which led management to perform an impairment test for the P&C Banking CGU as at April 30, 2024. As the estimated recoverable amount of the P&C Banking CGU was below its carrying amount, the Bank recorded an impairment charge totalling \$155.9 million on the Impairment and restructuring charges line item in 2024, which related to the impairment of goodwill for an amount of \$83.9 million, of software and intangible assets for \$66.2 million and of premises and equipment for \$5.8 million. Refer to Note 9 and Note 27 of the Consolidated Financial Statements for further details.

The 2024 impairment test compared the recoverable amount of the P&C Banking CGU to its carrying amount. If the recoverable amount was less than the carrying value, an impairment loss was charged to income. The impairment loss was allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other non-financial assets of the CGU pro rata to the carrying amount of each asset considering that the carrying amount of an asset cannot be reduced below its fair value less costs of disposal.

Management used several significant estimates to determine the recoverable amount of P&C Banking CGU, including terminal growth rate, future cash flows and the discount rate of future cash flows. For the impairment test, the recoverable amount of the P&C Banking CGU was estimated using a fair value less costs of disposal approach that was primarily based on the Bank's five-year business plan and projected investments. Forecast cash flows were discounted at an after-tax rate of 10.3% in 2024. Management considered that these estimates were reasonable and reflected management's best estimates but included inherent uncertainties. Reasonable changes in estimates and assumptions could have significantly impacted the impairment test results.

Software, intangible assets and premises and equipment impairment

Management periodically reviews the utilization of the Bank's assets, such as its software and other intangible assets and premises and equipment.

In 2025, an impairment of software and other intangible assets amounting to \$1.2 million in 2025 was recorded on the Impairment and restructuring charges line item. In the second quarter of 2024, the Bank recorded an impairment charge of intangible assets of

\$23.3 million relating to its strategic decision to suspend the AIRB project. In the fourth quarter of 2024, the Bank also reviewed the utilization of its software and other intangible assets and recorded \$5.7 million of additional impairment charges related to software and licenses being decommissioned.

In 2025, an impairment of premises and equipment amounting to \$1.7 million was recorded on the Impairment and restructuring charges line item as a result of updated estimates related to leased corporate office premises. Indicators of impairment were also identified as at April 30, 2024 related to management's plan to reduce the Bank's leased corporate office premises in Toronto, and the Bank recorded an impairment charge of premises and equipment amounting to \$13.8 million in the second quarter of 2024. In the fourth quarter of 2024, the Bank also reviewed the utilization of its premises and equipment and recorded \$1.4 million of additional impairment charges.

Refer to Notes 8, 9 and 27 to the Consolidated Financial Statements for additional information.

POST-EMPLOYMENT BENEFITS

The Bank sponsors several benefit plans to eligible employees, including registered and supplemental pension plans, and post-retirement medical and dental plans (other post-employment benefit plans). The valuation of employee benefits for defined benefit pension plans and other post-employment benefits are calculated by the Bank's actuaries based on several assumptions such as discount rates, future salary levels, retirement age, mortality rate and health-care cost escalation. The discount rate is determined using a high-quality corporate bond yield curve, whose construction requires significant judgment. Other key assumptions are determined by management and also require significant judgment. Considering the importance of defined benefit obligations and due to the long-term nature of these plans, changes in assumptions could have a significant impact on the defined benefit plan assets (liabilities), as well as on pension plan and other post-employment benefit expenses. Discount rates were at 4.78% as at October 31, 2025 and 4.74% as at October 31, 2024. Other key assumptions and related sensitivity analysis as well as further information on the Bank's pension plans and other post-employment benefits are presented in Note 17 to the Consolidated Financial Statements.

INCOME TAXES

The Bank is subject to taxation in numerous jurisdictions. There are many transactions and calculations in the ordinary course of business for which the ultimate tax determination is uncertain. The Bank maintains provisions for uncertain tax positions that it believes appropriately reflect the risk of tax positions under discussion, audit, dispute, or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions are made using the Bank's best estimate of the amount expected to be paid based on an assessment of all relevant factors, which are reviewed at the end of each reporting period. However, it is possible that at some future date, an additional liability could result from audits by the relevant taxing authorities.

The Bank uses the liability method of tax allocation and accounts for the deferred income tax assets and liabilities related to loss carry forwards and other temporary differences between the carrying amounts and the tax bases of assets and liabilities, in accordance with tax laws and rates enacted or substantively enacted on the date the differences are expected to reverse. A deferred income tax asset is recognized to the extent it is more likely than not to be realized. All amounts resulting from changes in tax rates are recorded in net income, except to the extent that it relates to items previously recognized in equity, in which case they are recorded in equity.

PROVISIONS AND CONTINGENT LIABILITIES

Management exercises judgment in determining whether a past event or transaction may result in the recognition of a provision or the disclosure of a contingent liability, for instance in the case of legal actions or restructuring plans. Provisions are liabilities of uncertain timing or amount. They are recognized when the Bank has a present legal or constructive obligation as a result of a past event, and it is both probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated, considering all relevant risks and uncertainties. Contingent liabilities are disclosed when it cannot be determined whether an obligation is probable, or the amount of loss cannot reliably be estimated. Management and internal and external experts are involved in assessing the probability and in estimating any amounts involved.

In the ordinary course of business, the Bank and its subsidiaries are involved in various legal and regulatory proceedings. Such proceedings involve a variety of issues, and the timing of their resolution is varied and uncertain. Legal provisions are recognized when it becomes probable that the Bank will incur an expense related to legal proceedings and the amount can be reliably estimated. Legal provisions are recorded at the best estimate of the amounts required to settle the obligation as at the reporting date, taking into account the risks and uncertainties associated with the obligation. Management and external experts are involved in estimating any legal provision, as necessary. The actual costs of settling some obligations may be substantially higher or lower than the amounts of the provisions. In some cases, it is not possible to either determine whether an obligation is probable or to reliably estimate the amount of loss, in which case no accrual can be made. This is an area of significant judgment and uncertainty, given the varying stages of the proceedings, the fact that the Bank's liability, if any, has yet to be determined and the fact that the underlying matters will change from time to time. As such the extent of our financial and other exposure to such legal proceedings, after taking into account current accruals, could be material to our results of operations in any period. Refer to Note 26 to the Consolidated Financial Statements for additional information.

FUTURE CHANGES TO ACCOUNTING POLICIES

The International Accounting Standards Board (IASB) has issued new standards on the presentation and disclosure in financial statements which are not yet effective. These future accounting changes will be applicable for the Bank in various annual periods beginning on November 1, 2026.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure* in Financial Statements, which sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces the previous presentation standard, IAS 1, *Presentation of Financial Statements*. This new standard applies to annual reporting periods beginning on or after January 1, 2027, which will be November 1, 2027 for the Bank, and is to be applied retrospectively.

IFRS 18 is a new standard on presentation and disclosure in financial statements, with a focus on updates to the income statement and introduces three new concepts that relate to the structure of the statement of income, the required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Bank is currently assessing the impact of the adoption of this standard on its Consolidated Financial Statements.

Amendments to the Classification and Measurement of Financial Instruments (IFRS 7 and IFRS 9)

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*. The amendments clarify the derecognition of financial liabilities, the assessment of environmental, social and governance (ESG)-linked financial assets, the treatment of non-recourse assets and contractually linked instruments (CLIs), and mandate additional IFRS 7 disclosures for contingent event-linked terms and FVOCI equity instruments. The amendments are effective for annual periods starting on or after January 1, 2026, which will be November 1, 2026 for the Bank. The Bank is currently assessing the impact of these amendments on its Consolidated Financial Statements.

GLOSSARY

GENERAL TERMS

Allowances for credit losses (ACL) represent the Bank's estimate of expected credit losses (ECL) at the balance sheet date. ECLs are a probability-weighted estimate of credit losses over the remaining expected life of the financial instrument. These allowances are primarily related to loans and off-balance sheet exposures, including letters of guarantee and certain undrawn amounts under approved credit facilities.

Alt-A mortgages represent a classification of mortgages where borrowers have a clean credit history consistent with prime lending criteria. However, characteristics about the mortgage such as loan to value, loan documentation, occupancy status or property type, may cause the mortgage not to qualify under standard underwriting programs.

Basis point represents one one-hundredth of a percentage point.

Derivatives are contracts whose value is "derived" from movements in interest or foreign exchange rates, or equity or commodity prices. Derivatives allow for the transfer, modification or reduction of current or expected risks from changes in rates and prices.

Earnings per share (EPS) is calculated by dividing net income after deduction of preferred dividends, by the average number of common shares outstanding. Diluted EPS is calculated by adjusting the number of shares outstanding for possible conversions of financial instruments into common shares.

Economic value of equity (EVE) represents the present value of the Bank's net assets.

Effective interest rate represents the discount rate applied to estimated future cash payments or receipts over the expected life of the financial instrument to arrive at the net carrying amount of the financial asset or liability.

Fair value is the estimated price that would be received or paid in an orderly transaction between market participants at the measurement date.

Hedging is a risk management technique used to neutralize or manage interest rate, foreign currency, or credit exposures arising from normal banking activities by taking positions that are expected to react to market conditions in an offsetting manner.

Impaired loans consist of loans where one or more events that have a detrimental impact on the estimated future cash flows of a loan have occurred or when contractual payments are 90 days past due.

Net interest income is comprised of earnings on assets, such as loans and securities, including interest and dividend income, less interest expense paid on liabilities, such as deposits.

Notional amount refers to the principal used to calculate interest and other payments under derivative contracts.

Off-balance sheet financial instruments represent a variety of financial arrangements offered to clients, which include for the Bank derivatives, credit commitments and guarantees, and other indemnifications.

Options are contractual agreements between two parties in which the writer of the option grants the buyer the right, but not the obligation, to either buy or sell, at or by a specified date, a specific amount of a financial instrument at a price agreed upon when the agreement is entered into. The writer receives a premium for selling this instrument.

Provision for credit losses (PCL) is an amount charged or credited to income to adjust the allowances for credit losses to the appropriate level, for both performing and impaired financial assets.

Securities purchased under reverse repurchase agreements and obligations related to securities sold under repurchase agreements are short-term purchases of securities under agreements to resell as well as short-term sales of securities under agreements to repurchase at predetermined prices and dates. Given the low risk transfer associated with these purchases and sales, these agreements are treated as collateralized lending.

Swaps are contractual agreements between two parties to exchange a series of cash flows for a specified period of time. The various swap agreements that the Bank enters into are interest rate swaps, cross-currency swaps, foreign exchange swaps and total return swaps.

SUPPLEMENTARY FINANCIAL MEASURES

Allowances for credit losses as a % of total loans is defined as allowances for credit losses as a percentage of total loans.

Assets under administration mostly refers to assets related to registered and non-registered investment accounts, clients' brokerage assets, mutual funds and loans administered by the Bank that are beneficially owned by clients and therefore not reported on the balance sheet of the Bank.

Average earning assets include the Bank's loans net of allowances, as well as interest-bearing deposits with other banks, securities, securities purchased under reverse repurchase agreements used in the Bank's treasury operations and derivatives, but exclude average earning assets related to trading activities. The averages are based on the daily balances for the period.

Dividend payout ratio is defined as dividends declared on common shares as a percentage of net income available to common shareholders.

Dividend yield is defined as dividends declared per common share divided by the closing common share price.

Efficiency ratio is a measure of productivity and cost control and is defined as non-interest expenses as a percentage of total revenue.

Gross impaired loans as a % of loans is defined as impaired loans as a percentage of total loans at the end of the period.

Interest-bearing liabilities include the Bank's deposits, debt related to securitization activities and subordinated debt used in the Bank's treasury operations and derivatives, but exclude interest-bearing liabilities related to trading activities.

Liquid assets consist of cash, deposits with banks, securities and securities purchased under reverse repurchase agreements.

Net impaired loans as a % of loans is defined as impaired loans less allowances for credit losses for impaired loans, as a percentage of total loans at the end of the period.

Net interest margin is the ratio of net interest income to average earning assets (based on the daily balances for the period), expressed as a percentage or basis points.

Operating leverage is a measure of efficiency and is the difference between total revenue and non-interest expenses growth rates.

Price / earnings ratio is defined as closing common share price divided by basic earnings per share.

Provision for credit losses as a % of average loans is defined as provision for credit losses as a percentage of average loans. For average loans, the averages are based on the daily balances for the period.

RISK AND CAPITAL TERMS

Basel II is the second of the Basel Accords, which are recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision (BCBS). The purpose of Basel II is to create an international standard that banking regulators can use when creating regulations about how much capital banks need to put aside to guard against the types of financial and operational risks banks face. The Basel II Accord also introduced the Advanced Internal-Ratings Based (AIRB) approach to credit risk.

Basel III is a comprehensive set of reform measures, developed by the BCBS, to strengthen the Basel II Accord as well as the supervision and risk management of the banking sector. These measures also introduced liquidity adequacy requirements.

Capital ratios are defined as either Common Equity Tier 1 capital, Tier 1 capital or Total capital divided by risk-weighted assets.

Common Equity Tier 1 (CET1) capital represents, under Basel III, more permanent forms of capital, and primarily consists of common shareholders' equity and accumulated other comprehensive income, less a deduction for software and other intangible assets, net pension assets, cash flow hedge reserve and certain other deductions prescribed by OSFI.

Credit and counterparty risk is the risk of a financial loss occurring if a counterparty (including a debtor, an issuer or a guarantor) in a transaction fails to fully honour its contractual or financial obligation towards the Bank.

Exposure at default (EAD) is an amount expected to be owed by an obligor at the time of default.

Leverage ratio is comprised of Tier 1 capital, divided by unweighted on-balance sheet assets and off-balance sheet commitments, derivatives and securities financing transactions.

Liquidity coverage ratio (LCR) measures the sufficiency of high-quality liquid assets available to meet net short-term financial obligations over a thirty-day period in an acute stress scenario.

Loss given default (LGD) is an estimated percentage of EAD that is not expected to be recovered during the collections and recovery process.

Operational risk is the risk of loss or harm resulting from a failure ascribable to human resources, inadequate or failed internal processes or technology and systems, or from external events including legal risk but excluding regulatory, strategic and reputational risks.

Probability of default (PD) is an estimated percentage that represents the likelihood of default within a given time period of an obligor for a specific rating grade or for a specific pool of exposure.

Risk-weighted assets are assets calculated by applying a risk-weight factor to on and off-balance sheet exposure. The Bank uses standardized risk-weight factors as stipulated by OSFI, based on the guidelines developed by the Bank for International Settlement (BIS).

Tier 1 capital primarily consists of CET1 capital and preferred shares.

Total capital includes Tier 1 and Tier 2 capital, net of certain deductions. Tier 2 capital is primarily comprised of subordinated debt and the eligible portion of collective allowances for loan losses.

LAURENTIAN BANK OF CANADA

CONSOLIDATED FINANCIAL STATEMENTS

AS AT OCTOBER 31, 2025 AND 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Laurentian Bank of Canada is responsible for the integrity and fair presentation of the financial information contained in the Annual Report. The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The Consolidated Financial Statements also comply with the *Bank Act* and the requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI).

The Consolidated Financial Statements include amounts that, where necessary, are based on the best estimates and judgment of management. The financial information presented elsewhere in the Annual Report is consistent with that shown in the Consolidated Financial Statements.

Management is responsible for the implementation of the financial information accounting systems, which support, among others, the preparation of the Consolidated Financial Statements in accordance with IFRS Accounting Standards. In discharging its responsibilities, management maintains the necessary internal control systems designed to provide assurance that transactions are properly authorized, assets are safeguarded, and proper accounting records are held. The controls include, among other things, quality standards in hiring and training of employees, written policies, compliance with authorized limits for managers, procedure manuals, a corporate code of conduct, budgetary controls and appropriate management information systems.

The internal control systems are further supported by a regulatory compliance function, which ensures that the Bank and its employees comply with regulatory requirements, as well as by risk management and operational risk management functions that ensure proper risk control including maintaining the related documentation and the measurement of the financial impact of risks. In addition, the internal audit function periodically assesses various aspects of the Bank's operations and make recommendations to management for improvements to the internal control systems.

The OSFI is mandated to protect the rights and interests of depositors of the Bank. Accordingly, the OSFI examines and inquires into the business and affairs of the Bank, as deemed necessary, to ensure that the provisions of the *Bank Act* are being complied with and that the Bank is in sound financial position.

The Board of Directors is responsible for reviewing and approving the Consolidated Financial Statements, as well as the Management's Discussion and Analysis of results of operations and financial condition included in the Annual Report. It oversees the way management discharges its responsibilities for the preparation and presentation of the Consolidated Financial Statements, the maintenance of appropriate internal controls and risk management, as well as the assessment of significant transactions through its Audit Committee and its Risk Management Committee. Both Board committees are composed solely of directors who are not officers or employees of the Bank.

Ernst & Young LLP, the independent auditor appointed by the shareholders on recommendation of the Board, audits the Bank's Consolidated Financial Statements and their report follows. The auditor has full and unrestricted access to the Audit Committee to discuss audit and financial reporting matters.

Éric Provost

President and
Chief Executive Officer

Yvan Deschamps

Executive Vice President
and Chief Financial Officer

Montréal, Canada

December 4, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Laurentian Bank of Canada**

Opinion

We have audited the consolidated financial statements of **Laurentian Bank of Canada** and its subsidiaries (the Bank or the Group), which comprise the consolidated balance sheets as at October 31, 2025 and October 31, 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the consolidated financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at October 31, 2025 and October 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowance for credit losses As more fully described in Note 3 and Note 6 to the consolidated financial statements, the Bank's allowance for credit losses related to loans was \$176 million as at October 31, 2025. The Bank uses an expected credit loss (ECL) model to determine the allowance for credit losses on loans measured on a collective basis. The ECL is an unbiased and probability-weighted amount, which is determined by evaluating a range of possible outcomes and reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions. The Bank applies a three-stage approach to measure the ECL which is based primarily on the product of the loan's probability of default (PD), loss given default (LGD) and exposure at default (EAD). In establishing ECL, the Bank incorporates three forward-looking macroeconomic scenarios, which represent the Bank's view of a range of possible economic outcomes – a base case scenario being the Bank's view of the most probable outcome, as well as an upside scenario and a downside scenario. Where there has been a significant increase in credit risk (SICR) since initial recognition, lifetime ECL is recorded; otherwise 12 months of ECL is recorded. The significant increase in credit risk assessment is based on the change in PD between the origination date and reporting date and is assessed using relative and absolute thresholds. Auditing the allowance for credit losses on loans measured on a collective basis was complex and required the involvement of specialists due to the inherent complexity of the models, the forward-looking nature of key assumptions, and the inherent interrelationship of the critical variables used in measuring the ECL. Key areas of judgement included evaluating: (i) the models and methodologies used for measuring both the 12-month and lifetime expected credit losses; (ii) the determination of when a loan has experienced a SICR; (iii) the assumptions used in the macroeconomic	To test the allowance for credit losses related to loans, our audit procedures included involving our credit risk modelling specialists to assess whether the methodology and assumptions used in significant models that estimate the ECL across various portfolios are consistent with the requirements of IFRS. This also included an assessment of management's SICR triggers. With the assistance of our economic specialists, we compared management's FLI and scenarios' weighting to publicly available information. We independently recalculated the ECL to test the mathematical accuracy of management's models. We tested the completeness and accuracy of data used in the measurement of the ECL by agreeing those to source systems and related documentation. With the assistance of our credit risk modelling specialists, we also evaluated management's methodology and governance over the application of management's experienced credit judgment by evaluating that the amounts recorded were reflective of underlying credit quality and macroeconomic trends. We also reviewed the adequacy of the allowance for credit loss financial statement note disclosures.

Key audit matter	How our audit addressed the key audit matter
scenarios, including forward-looking information (FLI) and assigning probability weighting; and (iv) the application of management's experienced credit judgment to adjust the modeled ECL results when known or expected risk factors were not considered in the credit risk rating and modelling process.	

Other information

Management is responsible for the other information. The other information comprises:

- Management's discussion and analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michel Bergeron.

*Ernst + Young LLP*¹

¹FCPA auditor, public accountancy permit no A114960

Montréal, Canada

December 4, 2025

CONSOLIDATED BALANCE SHEET⁽¹⁾

As at October 31 (in thousands of Canadian dollars)	Notes	2025	2024
Assets			
Cash and non-interest bearing deposits with banks		\$ 57,769	\$ 53,319
Interest-bearing deposits with banks		1,257,750	1,444,272
Securities	5 and 7		
At amortized cost		3,119,046	2,790,453
At fair value through profit or loss		4,384,240	3,142,035
At fair value through other comprehensive income		276,660	167,146
		7,779,946	6,099,634
Securities purchased under reverse repurchase agreements		4,007,686	3,568,490
Loans	6 and 7		
Personal		1,975,613	2,106,426
Residential mortgage		16,131,795	16,537,917
Commercial		17,906,832	16,614,187
		36,014,240	35,258,530
Allowances for loan losses		(176,330)	(189,377)
		35,837,910	35,069,153
Other			
Derivatives	24	285,446	243,087
Premises and equipment	8	83,597	82,588
Software and other intangible assets	9	182,055	181,277
Deferred tax assets	18	149,656	157,844
Other assets	10	505,881	501,626
		1,206,635	1,166,422
		\$ 50,147,696	\$ 47,401,290
Liabilities and shareholders' equity			
Deposits	11		
Personal		\$ 21,206,691	\$ 19,713,877
Business, banks and other		2,791,903	3,450,077
		23,998,594	23,163,954
Other			
Obligations related to securities sold short		3,296,412	2,260,941
Obligations related to securities sold under repurchase agreements		3,869,657	3,661,575
Derivatives	24	282,184	333,655
Deferred tax liabilities	18	66,946	61,461
Other liabilities	12	1,368,480	1,267,970
		8,883,679	7,585,602
Debt related to securitization activities	7 and 13	14,052,700	13,496,457
Subordinated debt	14	330,903	326,793
Shareholders' equity			
Preferred shares and other equity instruments	15	245,682	245,554
Common shares	15	1,205,807	1,187,107
Retained earnings		1,352,215	1,307,747
Accumulated other comprehensive income		72,185	81,235
Share-based compensation reserve	16	5,931	6,841
		2,881,820	2,828,484
		\$ 50,147,696	\$ 47,401,290

(1) Certain comparative figures have been reclassified to conform to the current year presentation.
The accompanying notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME⁽¹⁾

For the years ended October 31 (in thousands of Canadian dollars, except per share amounts)	Notes	2025	2024
Interest and dividend income	25		
Loans		\$ 1,936,160	\$ 2,113,277
Securities		113,555	111,119
Deposits with banks		42,924	62,432
Other		4,446	12,022
		2,097,085	2,298,850
Interest expense	25		
Deposits		891,059	1,023,768
Debt related to securitization activities		401,897	375,793
Subordinated debt		18,204	18,220
Other, including derivatives		49,001	161,562
		1,360,161	1,579,343
Net interest income		736,924	719,507
Other income			
Income from financial instruments	25	62,218	61,292
Income from mutual funds		42,658	40,691
Lending fees		40,433	50,019
Service charges		24,931	27,166
Card service revenues		23,512	27,958
Fees and securities brokerage commissions		17,654	35,915
Fees on investment accounts		10,293	11,394
Insurance income, net		5,055	6,477
Profit on sale of assets under administration		875	13,959
Other		19,119	23,831
		246,748	298,702
Total revenue		983,672	1,018,209
Provision for credit losses	6	61,035	61,552
Non-interest expenses			
Salaries and employee benefits	16 and 17	380,589	388,882
Premises and technology		211,097	205,584
Other		147,505	155,990
Impairment and restructuring charges	27	10,899	228,416
		750,090	978,872
Income (loss) before income taxes		172,547	(22,215)
Income taxes (recovery)	18	32,673	(16,716)
Net income (loss)		\$ 139,874	\$ (5,499)
Dividends on preferred shares and distributions on other equity instruments	15	14,370	12,426
Net income (loss) available to common shareholders		\$ 125,504	\$ (17,925)
Earnings (loss) per share	19		
Basic		\$ 2.84	\$ (0.41)
Diluted		\$ 2.84	\$ (0.41)
Dividends per common share		\$ 1.88	\$ 1.88

(1) Certain comparative figures have been reclassified to conform to the current year presentation.
The accompanying notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended October 31 (in thousands of Canadian dollars)	2025	2024
Net income (loss)	\$ 139,874	\$ (5,499)
Other comprehensive income (loss), net of income taxes		
Items that may subsequently be reclassified to the Consolidated Statement of Income		
Net change in debt securities at fair value through other comprehensive income		
Unrealized net gains on debt securities at fair value through other comprehensive income	1,724	817
Reclassification of net gains on debt securities at fair value through other comprehensive income to net income	(540)	(28)
	1,184	789
Net change in value of derivatives designated as cash flow hedges	6,013	62,430
Net foreign currency translation adjustments		
Net unrealized foreign currency translation gains on investments in foreign operations	9,436	5,169
Net losses on hedges of investments in foreign operations	(25,683)	(10,021)
	(16,247)	(4,852)
	(9,050)	58,367
Items that may not subsequently be reclassified to the Consolidated Statement of Income		
Remeasurement gains on employee benefit plans	819	2,246
Net gains (losses) on equity securities designated at fair value through other comprehensive income	1,281	(167)
	2,100	2,079
Total other comprehensive income (loss), net of income taxes	(6,950)	60,446
Comprehensive income	\$ 132,924	\$ 54,947

INCOME TAXES — OTHER COMPREHENSIVE INCOME

The following table shows income tax expense (recovery) for each component of other comprehensive income.

For the years ended October 31 (in thousands of Canadian dollars)	2025	2024
Net change in debt securities at fair value through other comprehensive income		
Unrealized net gains on debt securities at fair value through other comprehensive income	\$ 621	\$ 295
Reclassification of net gains on debt securities at fair value through other comprehensive income to net income	(195)	(10)
	426	285
Net change in value of derivatives designated as cash flow hedges	2,165	22,478
Net foreign currency translation adjustments		
Net losses on hedges of investments in foreign operations	14,294	—
Remeasurement gains on employee benefit plans	295	808
Net gains (losses) on equity securities designated at fair value through other comprehensive income	461	(60)
	\$ 17,641	\$ 23,511

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY⁽¹⁾

As at October 31 (in thousands of Canadian dollars)	Notes	2025	2024
Preferred shares and other equity instruments at beginning of year	15	\$ 245,554	\$ 245,558
Net sale (purchase) of other treasury equity instruments		128	(4)
Preferred shares and other equity instruments at end of year		245,682	245,554
Common shares at beginning of year	15	1,187,107	1,177,827
Issuance of common shares		18,700	9,280
Common shares at end of year		1,205,807	1,187,107
Retained earnings at beginning of year		1,307,747	1,405,800
Net income (loss)		139,874	(5,499)
Dividends on preferred shares and distributions on other equity instruments		(14,370)	(12,426)
Dividends on common shares		(83,150)	(82,314)
Remeasurement gains on employee benefit plans		819	2,246
Net gains (losses) on equity securities designated at fair value through other comprehensive income		1,281	(167)
Net sale (purchase) of other treasury equity instruments		14	107
Retained earnings at end of year		1,352,215	1,307,747
Accumulated other comprehensive income at beginning of year		81,235	22,868
Net unrealized foreign currency translation gains on investments in foreign operations		9,436	5,169
Net losses on hedges of investments in foreign operations		(25,683)	(10,021)
Net change in value of derivatives designated as cash flow hedges		6,013	62,430
Unrealized net gains on debt securities at fair value through other comprehensive income		1,724	817
Reclassification of net gains on debt securities at fair value through other comprehensive income to net income		(540)	(28)
Accumulated other comprehensive income at end of year		72,185	81,235
Share-based compensation reserve at beginning of year		6,841	6,052
Net change in share-based compensation		(910)	789
Share-based compensation reserve at end of year		5,931	6,841
Total shareholders' equity		\$ 2,881,820	\$ 2,828,484

ACCUMULATED OTHER COMPREHENSIVE INCOME

As at October 31 (in thousands of Canadian dollars)	2025	2024
Cash flow hedges	\$ 64,763	\$ 58,750
Translation of foreign operations	5,714	21,961
Debt securities at fair value through other comprehensive income	1,708	524
	\$ 72,185	\$ 81,235

(1) Certain comparative figures have been reclassified to conform to the current year presentation. The accompanying notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

For the years ended October 31 (in thousands of Canadian dollars)	Notes	2025	2024
Cash flows relating to operating activities			
Net income (loss)		\$ 139,874	\$ (5,499)
Adjustments to determine net cash flows relating to operating activities:			
Provision for credit losses	6	61,035	61,552
Deferred income taxes	18	(3,419)	(74,268)
Impairment of goodwill, software, intangible assets and premises and equipment	8 and 9	3,064	200,702
Depreciation of premises and equipment	8	17,188	18,058
Amortization of software and other intangible assets	9	29,119	39,635
Change in operating assets and liabilities:			
Loans		(825,243)	1,742,237
Acceptances		—	(15,000)
Securities at fair value through profit or loss		(1,242,205)	(171,175)
Securities purchased under reverse repurchase agreements		(439,196)	517,680
Accrued interest receivable and payable		66,826	121,662
Derivatives, net		(93,830)	(322,254)
Deposits		834,640	(2,862,924)
Obligations related to securities sold short		1,035,471	(323,130)
Obligations related to securities sold under repurchase agreements		208,082	542,867
Debt related to securitization activities		556,243	643,072
Other, net		34,081	85,569
		381,730	198,784
Cash flows relating to financing activities			
Payment of lease liabilities		(18,119)	(17,858)
Net sale (purchase) of subordinated debt	14	3,730	(11,266)
Net sale of treasury limited recourse capital notes	15	142	103
Net proceeds from issuance of common shares	15	7,960	13
Dividends and other distributions		(87,951)	(85,473)
		(94,238)	(114,481)
Cash flows relating to investing activities			
Change in securities at amortized cost			
Acquisitions		(4,490,090)	(2,421,202)
Proceeds on sale and at maturity		4,161,882	2,625,601
Change in securities at fair value through other comprehensive income			
Acquisitions		(742,596)	(592,117)
Proceeds on sale and at maturity		637,455	476,578
Additions to premises and equipment and software and other intangible assets	8 and 9	(39,893)	(37,022)
Change in interest-bearing deposits with banks		186,522	(137,358)
		(286,720)	(85,520)
Effect of exchange rate changes on cash and non-interest-bearing deposits with banks			
		3,678	2,133
Net change in cash and non-interest bearing deposits with banks			
		4,450	916
Cash and non-interest bearing deposits with banks at beginning of year			
		53,319	52,403
Cash and non-interest bearing deposits with banks at end of year			
		\$ 57,769	\$ 53,319
Supplemental disclosure about cash flows relating to operating activities:			
Interest paid during the year		\$ 1,300,590	\$ 1,533,807
Interest received during the year		\$ 2,081,593	\$ 2,341,978
Dividends received during the year		\$ 2,355	\$ 3,867
Income taxes paid (recovered) during the year		\$ 40,331	\$ 32,926

[1] Certain comparative figures have been reclassified to conform to the current year presentation. The accompanying notes are an integral part of the Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at October 31, 2025 and 2024

(All tabular amounts are in thousands of Canadian dollars, unless otherwise indicated)

1. GENERAL INFORMATION

Laurentian Bank of Canada (the Bank) provides financial services to its personal, commercial and institutional customers. The Bank operates across Canada and in the United States.

The Bank is the ultimate parent of the group. The Bank is a chartered bank under Schedule 1 of the *Bank Act* (Canada) and has its head office in Montreal, Canada. The Bank's common shares (stock symbol: LB) are listed on the Toronto Stock Exchange.

The Consolidated Financial Statements for the year ended October 31, 2025 were approved for issuance by the Board of Directors on December 4, 2025.

1.1 TRANSACTIONS ANNOUNCED ON DECEMBER 2, 2025

Subsequent to year-end, Laurentian Bank announced on December 2, 2025 a significant acceleration of its 2024 Strategic Plan toward its specialty commercial bank model, resulting in its exit from the retail and SME banking business. This transformation will position Laurentian Bank as a commercially oriented bank, concentrating on commercial real estate lending, inventory and equipment financing, intermediary services and capital markets activities.

National Bank of Canada (directly or through one or more affiliates) ("National Bank") has entered into a definitive agreement to acquire Laurentian Bank's retail and SME banking portfolios (the "Retail/SME Transaction"). Laurentian Bank and National Bank have also entered into a definitive agreement in respect of the sale to National Bank of Laurentian Bank's syndicated loan portfolio (the "Syndicated Loan Transaction" and, collectively with the Retail/SME Transaction, the "National Bank Transactions").

In parallel, Fairstone Bank of Canada ("Fairstone Bank"), Canada's leading alternative lender and a Schedule I bank, has entered into a definitive agreement (the "Acquisition Transaction Agreement") to acquire all issued and outstanding common shares of Laurentian Bank (the "Laurentian Bank Shares") (the "Acquisition Transaction" and, collectively with the Retail/SME Transaction, the "Transactions").

Acquisition Transaction Details

Under the terms of the Acquisition Transaction Agreement, Fairstone Bank will acquire all of the issued and outstanding common shares of Laurentian Bank at a price per Laurentian Bank Share of \$40.50, in cash, representing a premium of approximately 20% over the closing price of the Laurentian Bank Shares of \$33.76 on the Toronto Stock Exchange (the "TSX") on December 1st, 2025, the last trading day prior to the announcement of the Acquisition Transaction, and a premium of approximately 22% over the 20-day volume-weighted average trading price of the Laurentian Bank Shares for the period ended on December 1st, 2025. The total cash consideration payable under the Acquisition Transaction is approximately \$1.9 billion. The Acquisition Transaction will provide holders of Laurentian Bank Shares ("Laurentian Bank Shareholders") with immediate liquidity and certainty of value.

The Acquisition Transaction is subject to approval of 66^{2/3}% of the votes cast by Laurentian Bank Shareholders at a special meeting of Laurentian Bank Shareholders expected to be held in the first quarter of 2026 to approve an amendment to Laurentian Bank's by-laws to provide for the acquisition of the Laurentian Bank Shares pursuant to the terms of the Acquisition Transaction Agreement. The Acquisition Transaction Agreement contains customary non-solicitation covenants on the part of Laurentian Bank, subject to customary "fiduciary out" provisions, as well as "right to match" provisions in favour of Fairstone Bank. A termination fee of \$40 million would be payable by Laurentian Bank to Fairstone Bank in certain circumstances, including in the context of a superior proposal supported by Laurentian Bank's board of directors. A reverse termination fee of \$40 million would be payable by Fairstone Bank to Laurentian Bank in certain circumstances where key regulatory approvals are not obtained prior to the outside date.

The Acquisition Transaction is subject to the closing of the Retail/SME Transaction and will close on the date of, and immediately following, the closing of the Retail/SME Transaction, subject to customary closing conditions, including receipt of key regulatory approvals. The Acquisition Transaction is not subject to any financing condition.

Assuming the timely receipt of all required key regulatory approvals and shareholder approval, and the satisfaction of other customary closing conditions, the Transactions are expected to close by late 2026.

Following completion of the Transactions, it is expected that the Laurentian Bank Shares will be delisted from the TSX. However, Laurentian Bank's Non-Cumulative Class A Preferred Shares, Series 13, Non-Cumulative 5-Year Fixed Rate Reset Class A Preferred Shares, Series 17, 5.30% Limited Recourse Capital Notes, Series 1 and 5.095% subordinated non-viability contingent capital notes are expected to remain outstanding in accordance with their terms following the completion of the Transactions. Laurentian Bank's Non-Cumulative Class A Preferred Shares, Series 13 will continue to be listed on the TSX and, as a result, Laurentian Bank will continue to be a reporting issuer under applicable Canadian securities laws following completion of the Transactions.

National Bank Transactions Details

Immediately prior to the closing of the Acquisition Transaction, National Bank will acquire certain assets and assume certain liabilities related to the retail and SME banking sector being exited by Laurentian Bank in the Retail/SME Transaction pursuant to a definitive asset purchase agreement entered into concurrently with the Acquisition Transaction Agreement (the "Retail/SME Agreement"). As at October 31, 2025, the retail loans and deposits totalled approximately \$3.2 billion and \$7.5 billion, respectively, while the SME loans and deposits totalled approximately \$0.9 billion and \$0.6 billion, respectively.

In addition, the Retail/SME Agreement provides that National Bank will assume the distribution agreement for certain mutual funds. As at October 31, 2025, the underlying mutual funds totalled approximately \$3.6 billion.

The closing of the Retail/SME Transaction is conditional on all conditions precedent to the closing of the Acquisition Transaction having been satisfied or waived and will occur immediately prior to the closing of the Acquisition Transaction. The Retail/SME Agreement includes terms and conditions that are customary for transactions of this nature. The Retail/SME Transaction is not subject to the approval of Laurentian Bank Shareholders and is subject to customary closing conditions, including receipt of key regulatory approvals.

None of the employees or retail branches of Laurentian Bank will be transferred to National Bank. Laurentian Bank will be responsible for closing its branches and terminating the employment of certain employees (or reassigning them to other lines of business or to Fairstone Bank or its affiliates) prior to the closing of the Retail/SME Transaction.

A termination fee of \$10 million would be payable by Laurentian Bank to National Bank in certain circumstances, including in the context of a termination of the Retail/SME Agreement resulting from a termination of the Acquisition Transaction Agreement to accept a superior proposal. A reverse termination fee of \$10 million would be payable by National Bank to Laurentian Bank in certain circumstances where key regulatory approvals are not obtained prior to the outside date.

Separately, concurrently with the execution of the Retail/SME Agreement, Laurentian Bank and National Bank have also entered into a definitive loan purchase agreement in respect of the Syndicated Loan Transaction. As at October 31, 2025, the syndicated loans totalled approximately \$0.8 billion. The closing of the Syndicated Loan Transaction is not conditional upon the closing of the Retail/SME Transaction or the Acquisition Transaction. The Syndicated Loan Transaction is expected to close in approximately three months, subject to customary closing conditions.

The National Bank Transactions will be fully settled in cash and cash equivalents, with the final consideration based on outstanding balances at closing. The final consideration for the Syndicated Loan Transaction will be the outstanding balance of the purchased loans at closing, minus \$50 million. If the purchase price was calculated as at July 31, 2025, the aggregate purchase price of the Retail/SME Transaction (including related premium) and the Syndicated Loan Transaction (including related discount) would approximate net book value.

2. BASIS OF PRESENTATION

These Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). These Consolidated Financial Statements also comply with the Bank Act and the requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI).

Unless stated otherwise, the accounting policies described in Note 3, Material Accounting Policy Information have been applied consistently to all periods presented.

These Consolidated Financial Statements were prepared under a historical cost basis, except for certain items carried at fair value as discussed in Note 3.

Unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Bank's presentation currency. Items included in the financial statements of each of the Bank's entities are measured using their functional currency, which is the currency of the primary economic environment in which they operate.

Certain comparative figures have been reclassified to conform to current year presentation.

2.1 BASIS OF CONSOLIDATION

These Consolidated Financial Statements include all the assets, liabilities and operating results of the Bank and all the entities which it controls, after elimination of intercompany balances and transactions. The Bank controls an entity when it has the power to direct the activities of the entity which have the most significant impact on the entity's risks and/or returns, it is exposed to significant risks and/or returns arising from the entity, and it is able to use its power to affect the risks and/or returns to which it is exposed.

Subsidiaries

Subsidiaries are consolidated from the date the Bank obtains control and continue to be consolidated until the date when control ceases to exist. The financial statements of the Bank's subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies. The Bank's significant subsidiaries are listed in Note 29.

Structured entities

Structured entities are consolidated when the substance of the relationship between the Bank and the structured entity indicates that the structured entity is controlled by the Bank. Structured entities may take the form of a corporation, trust or partnership. They are often created with legal arrangements that impose limits on the decision-making powers of their governing board, trustee, or management over the operations of the entity. When assessing whether the Bank has to consolidate a structured entity, three primary criteria are evaluated: whether the Bank has the power to direct the activities of the structured entity that have the most significant impact on the entity's risks and/or returns; whether the Bank is exposed to significant variable returns arising from the entity; and whether the Bank has the ability to use its power to affect the risks and/or returns to which it is exposed. The Bank consolidates three limited partnerships used for securitization and funding purposes.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these Consolidated Financial Statements, management is required to make significant judgments, estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable.

Significant accounting judgments, estimates and assumptions have been made specifically in the following areas and are further discussed in the Consolidated Financial Statements as follows:

Fair value of financial instruments	Notes 3 and 21	Post-employment benefits	Notes 3 and 17
Allowances for credit losses	Notes 3 and 6	Income taxes	Notes 3 and 18
Goodwill and other intangible assets	Notes 3 and 9	Provisions and contingent liabilities	Notes 3 and 26

In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of the items listed above, it is possible that the outcomes in future reporting periods could differ from those on which management's estimates are based. This could result in materially different judgments and estimates from those reached by management for the purposes of the Consolidated Financial Statements.

Economic conditions impact on judgments, estimates and assumptions

The preparation of financial information requires the use of informed judgments and estimates, which are inherently influenced by expectations of future economic conditions. The macroeconomic environment remains highly uncertain, shaped by persistent geopolitical tensions and increased volatility across global financial markets. In particular, evolving U.S. political dynamics and the potential implementation of new or heightened trade barriers continue to challenge economic forecasting and the assumptions underpinning financial reporting. These factors contribute to an uncertain outlook for both the Canadian and U.S. economies and may materially impact the Bank's business activities, credit performance, and provisioning estimates. The Bank remains vigilant in monitoring these developments and adjusting its forward-looking assumptions accordingly.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 FINANCIAL INSTRUMENTS

Classification and measurement of financial assets

At initial recognition, all financial assets are recorded at fair value on the Consolidated Balance Sheet. After initial recognition, financial assets must be measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The Bank determines the classification of debt instruments based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets, as described below. Equity instruments are required to be measured at FVTPL, except where the Bank has elected at initial recognition to irrevocably designate an equity investment, held for purposes other than trading, at FVOCI. Derivatives are required to be measured at FVTPL.

Contractual cash flow characteristics

In order to classify debt instruments, the Bank must determine whether the contractual cash flows associated with the debt instrument are solely payments of principal and interest (SPPI) on the principal amount outstanding. The principal is generally the fair value of the debt instrument at initial recognition. The interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period, and for other basic lending risks and costs as well as of a profit margin. If the Bank determines that the contractual cash flows associated with a debt instrument are not solely payments of principal and interest, the debt instrument must be classified as at FVTPL.

Business model assessment

The Bank determines its business models based on the objective under which each portfolio of financial assets is managed. The business model determination requires the use of judgment and consideration of all the relevant evidence available at the date of determination. In determining its business models, the Bank considers the following:

- Management's intent and strategic objectives and the operation of the stated policies in practice;
- The primary risks that affect the performance of the business model and how these risks are managed;
- How the performance of the portfolio is evaluated and reported to management; and
- The frequency and significance of financial asset sales in prior periods, the reasons for such sales and the expected future sales activities.

A financial asset portfolio is within a "hold to collect" business model when the Bank's primary objective is to hold these financial assets in order to collect contractual cash flows from them and not to sell them. When the Bank's objective is achieved both by collecting contractual cash flows and by selling the financial assets, the financial asset portfolio falls within a "hold to collect and sell" business model. In this type of business model, collecting contractual cash flows and selling financial assets are both integral components to achieving the Bank's objective for this financial asset portfolio. Financial assets are measured at FVTPL if they do not fall within either a "hold to collect" business model or a "hold to collect and sell" business model.

Optional designations

Under the fair value option, debt instruments that fall within a "hold to collect" or "hold to collect and sell" business model may be designated on a voluntary and irrevocable basis as at FVTPL provided that such designation:

- Eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the related gains and losses on different bases; or
- Pertains to an asset or liability that is managed and whose performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about such items is provided internally on that basis to the Bank's key management personnel; and
- Allows for reliable measurement of the fair value of the financial instruments designated at FVTPL.

As at October 31, 2025 and October 31, 2024, the Bank had not designated any debt instrument as at FVTPL.

In addition, it is permitted to irrevocably designate at FVOCI, at initial recognition, an equity instrument that is not held for trading.

Securities at amortized cost

Securities at amortized cost include debt securities for which the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and that fall within a "hold to collect" business model. Securities at amortized cost are initially recorded at fair value on the settlement date on the Consolidated Balance Sheet, including direct and incremental transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method, net of allowances for expected credit losses. Interest income is recognized in the Consolidated Statement of Income using the effective interest rate method, including the amortization of transaction costs as well as premium or discounts over the security's expected life.

Securities at FVOCI

Securities at FVOCI include: (i) debt securities for which the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding and that fall within a "hold to collect and sell" business model and (ii) equity securities designated at FVOCI with no subsequent reclassification of gains and losses to net income.

The Bank initially recognizes securities at FVOCI on the Consolidated Balance Sheet at the settlement date, including direct and incremental transaction costs.

For debt securities at FVOCI, unrealized gains and losses are subsequently recognized in other comprehensive income, net of interest income calculated on the instrument's amortized cost, expected credit losses and income taxes, and if they are not hedged by derivative financial instruments in a fair value hedging relationship. When the securities are sold, realized gains or losses, determined on an average cost basis, are reclassified to Income from financial instruments in the Consolidated Statement of Income. Interest income is recognized in the Consolidated Statement of Income using the effective interest rate method, including the amortization of transaction costs.

For equity securities designated at FVOCI, subsequent unrealized gains and losses are presented, net of income taxes, in other comprehensive income with no subsequent reclassification of realized gains and losses to net income. Dividend income for these instruments is recorded in Interest Income in the Consolidated Statement of Income.

Securities at FVTPL

Securities at FVTPL include (i) debt securities for which the business model is neither to hold to collect nor hold to collect and sell, (ii) debt securities for which the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding, (iii) debt securities designated at FVTPL under the fair value option, (iv) equity securities held for trading, and (v) equity securities other than those designated at FVOCI.

Securities at FVTPL are initially recorded at fair value on the settlement date on the Consolidated Balance Sheet. Transaction costs and other fees associated with financial instruments at FVTPL are expensed as incurred. Subsequently, these securities are measured at fair value and the realized and unrealized gains and losses are recognized in the Consolidated Statement of Income under Income from financial instruments. For debt and equity securities held for trading, interest income and dividend income are recognized in Income from financial instruments in the Consolidated Statement of Income. For other securities at FVTPL, interest income and dividend income are recognized in Interest Income in the Consolidated Statement of Income.

Loans at amortized cost

Loans at amortized cost include loans originated or purchased by the Bank that are not classified as measured at FVTPL or designated at FVTPL under the fair value option. These loans are held within a business model whose objective is to collect cash flows that are solely payments of principal and interest on the principal amount outstanding. Loans originated by the Bank are recognized at the settlement date on the Consolidated Balance Sheet. Loans are initially measured at fair value plus directly attributable costs and are subsequently measured at amortized cost using the effective interest rate method. Loans are presented net of allowances for credit losses on the Consolidated Balance Sheet.

Interest income is recognized on loans using the effective interest rate, calculated over the loan's expected life. Commissions received, origination fees and costs, as well as other transaction costs are adjustments to the loan yield and are recorded in interest income over the term of the loans. Fees received for loan prepayments are included in interest income upon prepayment.

Classification and measurement of financial liabilities

At initial recognition, all financial liabilities are recorded at fair value at the settlement date on the Consolidated Balance Sheet. After initial recognition, financial liabilities must be measured at amortized cost or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include deposits, obligations related to securities sold under repurchase agreements, subordinated debt, debt related to securitization activities and other liabilities. Financial liabilities at amortized cost are initially recognized at fair value including any transaction costs and subsequently measured at amortized cost. Interest expense on financial liabilities at amortized cost is recognized in the Consolidated Statement of Income, using the effective interest rate method.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are composed of financial instruments held-for-trading including obligations related to securities sold short, derivatives and financial liabilities designated by the Bank as at FVTPL under the fair value option upon initial recognition. Financial liabilities at FVTPL are initially recorded at fair value at the settlement date on the Consolidated Balance Sheet. Subsequently, these financial instruments are remeasured at fair value and the realized and unrealized gains and losses are immediately recognized in the Consolidated Statement of Income under Income from financial instruments. For financial liabilities designated by the Bank as at FVTPL under the fair value option, changes in the fair value which are attributable to changes in own credit risk are presented in other comprehensive income rather than in the Consolidated Statement of Income, unless it creates a mismatch. Interest expense paid is recognized in the Consolidated Statement of Income. Transaction costs and other fees associated with financial instruments at FVTPL are expensed as incurred.

As at October 31, 2025 and October 31, 2024, the Bank had not designated any financial liabilities at FVTPL.

Reclassification of financial assets and financial liabilities

Financial assets and financial liabilities are not reclassified subsequent to their initial recognition, except for financial assets for which the Bank changes its business model for managing financial assets. The reclassification is applied prospectively from the reclassification date.

Impairment of financial assets

At the end of each reporting period, the Bank applies a three-stage impairment approach to measure the expected credit losses (ECL) on all debt instruments measured at amortized cost or at FVOCI, on loan commitments and financial guarantees that are not measured at fair value and on lease receivables. The ECL model is forward looking. Measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions.

For accounts receivables, the Bank applies a simplified impairment approach which does not track the changes in credit risk, but instead recognizes an allowance based on lifetime ECL at each reporting date from the date of initial recognition.

Determining the stage

The ECL three-stage impairment approach is based on the change in the credit quality of financial assets since initial recognition. If, at the reporting date, the credit risk of performing financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and an allowance for credit losses that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded. When there is a significant increase in credit risk since initial recognition, these performing financial instruments are migrated to Stage 2, and an allowance for credit losses that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to Stage 1, i.e., recognition of 12-month expected credit losses. When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the impaired financial asset is migrated to Stage 3, an allowance equal to

the lifetime expected losses continues to be recorded or the financial asset is written off. Interest income is calculated on the gross carrying amount of the financial assets in Stages 1 and 2 and on the net carrying amount of the financial assets in Stage 3.

Assessment of significant increase in credit risk

In determining whether credit risk has increased significantly, the Bank uses an internal credit risk grading system and external risk ratings. To assess whether the credit risk of a financial instrument has increased significantly, the 12-month probability of default (PD) at the reporting date is compared with the 12-month PD at the date of initial recognition, and reasonable and supportable information indicative of significant increases in credit risk since initial recognition is considered. The Bank includes relative and absolute thresholds in the definition of significant increase in credit risk and a backstop of 30 days past due. All financial instruments that are 30 days past due are migrated to Stage 2 even if other metrics do not indicate that a significant increase in credit risk has occurred. The assessment of a significant increase in credit risk requires significant judgment.

Measurement of expected credit losses

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument, and reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions is considered. The estimation and application of forward-looking information requires significant judgment. The cash shortfall is the difference between all contractual cash flows owed to the Bank and all the cash flows that the Bank expects to receive.

The measurement of ECLs is based primarily on the product of the instrument's PD, loss given default (LGD), and exposure at default (EAD). Forward-looking macroeconomic factors such as interest rates, unemployment rates, gross domestic product (GDP) forecasts and housing price indices are incorporated into the risk parameters. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The Bank incorporates three forward-looking macroeconomic scenarios in its ECL calculation process: a base scenario, an upside scenario, and a downside scenario. Probability-weights are attributed to each scenario. The scenarios and probability weights are reassessed quarterly and subject to management review. The Bank applies experienced credit judgment to adjust the modeled ECL results when it becomes evident that known or expected risk factors and information were not considered in the credit risk rating and modeling process.

ECLs for all financial instruments are recognized in provisions for credit losses in the Consolidated Statement of Income. In the case of debt instruments measured at FVOCI, ECLs are recognized in provisions for credit losses in the Consolidated Statement of Income and a corresponding amount is recognized in other comprehensive income with no reduction in the carrying amount of the asset on the Consolidated Balance Sheet. As for debt instruments measured at amortized cost, they are presented net of the related allowance for credit losses on the Consolidated Balance Sheet. The allowance for credit losses for off-balance-sheet credit exposures that are not measured at fair value is included in other liabilities on the Consolidated Balance Sheet.

Purchased or originated credit-impaired financial assets

On initial recognition of a financial asset, the Bank determines whether the asset is credit-impaired. For financial assets that are credit-impaired upon purchase or origination, in subsequent reporting periods the Bank recognizes only the cumulative changes in lifetime expected credit losses since initial recognition as an allowance for credit losses. The Bank recognizes changes in ECLs in provision for credit losses in the Consolidated Statement of Income, even if the lifetime ECLs are less than ECLs that were included in the estimated cash flows on initial recognition.

Default

The definition of default used by the Bank to measure ECLs and transfer financial instruments between stages is consistent with the definition of default used for internal credit risk management purposes. The Bank considers a financial asset as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred or when contractual payments are 90 days past due.

Write-offs

The Bank writes off an impaired financial asset and its related allowance for credit losses in whole or in part when it considers the probability of recovery to be non-existent and when all guarantees and other remedies available to the Bank have been exhausted or if the borrower is bankrupt or winding up and balances owing are not likely to be recovered. For credit cards, the balances and related allowance for credit losses are generally written off when payment is 180 days past due.

Modified loans

The original terms of a financial asset may be renegotiated or otherwise modified, resulting in changes to the contractual terms of the financial asset that affect the contractual cash flows. The treatment of such modifications depends on the nature and extent of changes. Modifications which are performed for credit reasons, primarily related to troubled debt restructurings, are treated as modifications of the original financial asset and do not result in derecognition. Concessions may include payment deferrals, extension of amortization periods, rate reductions, principal forgiveness, debt consolidation, forbearance and other modifications and are intended to minimize the economic loss and to avoid foreclosure or repossession of collateral.

Substantial modifications which are performed for other than credit reasons are generally considered to be an expiry of the original cash flows; accordingly, such renegotiations are treated as a derecognition of the original financial asset and recognition of a new financial asset based on the new contractual terms.

If the Bank determines that a modification does not result in derecognition, the financial asset continues to be subject to the same assessments for significant increase in credit risk relative to initial recognition and credit-impairment, as described above. Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having lifetime ECLs, such loans can revert to having twelve-month ECLs if the borrower's financial condition that led to it

being identified as credit-impaired are no longer present and relate objectively to an event occurring after the original credit-impairment was recognized.

If a modification of terms results in derecognition of the original financial asset and recognition of the new financial asset, the new financial asset will generally be recorded in Stage 1, unless it is determined to be credit-impaired at the time of the renegotiation. For the purposes of assessing for significant increases in credit risk, the date of initial recognition for the new financial asset is the date of the modification.

Securities purchased under reverse repurchase agreements and obligations related to securities sold under repurchase agreements

The Bank enters into short-term purchases of securities under agreements to resell (reverse repurchase agreements) as well as short-term sales of securities under agreements to repurchase (repurchase agreements) at predetermined prices and dates. Given the low-risk transfer associated with these purchases and sales, these agreements are treated as collateralized lending and borrowing.

Securities purchased under agreements to resell are not recognized as securities on the Consolidated Balance Sheet. An asset corresponding to the consideration paid for the securities is recognized in securities purchased under reverse repurchase agreements. Subsequently, the agreements are measured at amortized cost using the effective interest method. Interest income is allocated over the expected term of the agreement by applying the effective interest rate to the carrying amount of the asset.

Securities sold under agreements to repurchase at a specified future date are not derecognized from the Consolidated Balance Sheet. The consideration received is recognized in the Consolidated Balance Sheet and a corresponding liability is recognized in obligations related to securities sold under repurchase agreements. Subsequently, the agreements are measured at amortized cost using the effective interest method. Interest expense is allocated over the expected term of the agreement by applying the effective interest rate to the carrying amount of the liability.

Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralized by securities or cash. The transfer of the securities to counterparties is only reflected on the Consolidated Balance Sheet if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities sold short

If securities borrowed or purchased under agreements to resell are subsequently sold to third parties, the obligation to deliver the securities is recorded as a short sale within obligations related to securities sold short. These short sales are classified as held-for-trading liabilities and measured at FVTPL with any gains or losses included, depending on the nature of the transaction, in other income under Income from financial instruments.

Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire or when the contractual rights to the cash flows from the financial asset and substantially all risks and rewards of ownership of the asset are transferred to a third party. When a financial asset is derecognized, a gain or a loss is recognized in the Consolidated Statement of Income for an amount equal to the difference between the carrying amount of the asset and the value of the consideration received.

When the Bank considers that it has retained substantially all the risks and rewards of ownership of the transferred asset, it continues to recognize the financial asset and, if applicable, recognizes a financial liability on the Consolidated Balance Sheet. If, due to a derivative instrument, the transfer of a financial asset does not result in derecognition, the derivative is not recognized on the Consolidated Balance Sheet.

Securitization

The Bank regularly transfers pools of residential mortgage loans under securitization programs. When the Bank retains substantially all the risks and rewards related to these assets, these transactions do not result in derecognition of the assets from the Bank's Consolidated Balance Sheet. As such, securitized residential mortgages continue to be recognized in the Consolidated Balance Sheet and the liabilities for the consideration received from the transfer are recognized in Debt related to securitization activities on the Consolidated Balance Sheet.

In certain securitization transactions, the Bank does not retain substantially all the risks and rewards related to transferred pools of residential mortgage loans. In such transactions, the Bank has a continuing involvement in the securitized asset that is limited to retained rights in future excess interests and the liability associated with servicing these assets. When a securitized asset is derecognized, the related loans are removed from the Consolidated Balance Sheet and a gain or loss is recognized in the Consolidated Statement of Income under Other income. The securitization retained rights in future excess interests is classified at amortized cost and reported as part of Other assets. The servicing liability is reported as part of Other liabilities. Revenues related to retained interests are recognized in the Consolidated Statement of Income under Income from financial instruments.

The Bank also enters into transactions with other structured entities as part of securitization programs for finance lease receivables and personal loans. Structured entities are consolidated if the Bank controls the entity. In assessing control, the Bank evaluates the substance of the relationship, its right or exposure to variable returns and the ability to exercise power to affect the returns.

Refer to Notes 7 and 13 for further details.

Derivatives and hedges

Derivatives are primarily used to manage the Bank's exposure to interest rate and currency risks, as well as in trading activities or to serve the needs of customers.

All derivatives are measured at fair value in other assets or liabilities, including derivatives embedded in financial instruments or other contracts that are not closely related to the financial instrument or to the host contract. Changes in fair value of derivatives are immediately recognized in the Consolidated Statement of Income under Income from financial instruments, except for derivatives designated as cash flow hedges and net investment hedges as described below. Interest income and expense related to derivatives is recognized in Net interest income in the Consolidated Statement of Income.

Hedge accounting

The Bank elected not to apply the IFRS 9 hedge accounting requirements as at November 1, 2018 and continues to apply the IAS 39 requirements. Information provided in Note 24 for the years ended October 31, 2025 and 2024 reflects the disclosure requirements of IFRS 7, *Financial Instruments: Disclosures*.

The purpose of a hedging transaction is to modify the Bank's exposure to one or more risks by creating an offset between changes in the fair value of, or the cash flows attributable to, the hedged item and the hedging instrument. Hedge accounting ensures that offsetting gains, losses, revenues and expenses are recognized in the Consolidated Statement of Income in the same period or periods.

Where hedge accounting can be applied, the Bank designates and formally documents each hedging relationship, at its inception, by detailing the risk management objective, the hedging strategy, the item being hedged, the related hedging instrument, and the method for assessing the effectiveness or ineffectiveness of the hedging relationship. Hedge accounting is deemed appropriate where the derivative is highly effective in offsetting changes in the hedged item's fair value attributed to the hedged risk, both at the hedge's inception and on an ongoing basis. Effectiveness is assessed every month using statistical regression models.

Fair value hedges

Fair value hedge transactions predominantly use interest rate swaps to hedge changes in fair value of assets, liabilities or firm commitments.

For these hedging relationships, the changes in the hedged item's fair value attributable to the hedged risk are recognized in Income from financial instruments on the Consolidated Statement of Income. A corresponding adjustment to the carrying amount of the hedged item in the Consolidated Balance Sheet is also recorded, except for hedges of certain equity securities, where the adjustment is recognized in accumulated other comprehensive income. Changes in fair value of the hedged item, to the extent that the hedging relationship is effective, are offset by changes in fair value of the hedging derivative.

When the hedging relationship ceases to be effective or the hedging instrument is sold or terminated early, hedge accounting is discontinued prospectively. The hedged item is no longer adjusted to reflect changes in fair value and the cumulative adjustment with respect to the effective portion of gains and losses attributable to the hedged risk are amortized using the effective interest rate method and recognized in net interest income over the remaining life of the hedged item. Hedge accounting is also discontinued on the sale or early termination of the hedged item, whereupon the cumulative adjustment to the hedged item's carrying amount is immediately recognized in Other income.

Cash flow hedges

Cash flow hedge transactions predominantly use interest rate swaps and total return swaps to hedge the variability in cash flows related to a variable rate asset or liability.

For these hedging relationships, the changes in fair value related to the effective portion of the hedge are recognized in other comprehensive income. Changes in fair value related to the ineffective portion of the hedge are immediately recognized in the Consolidated Statement of Income. Changes in fair value recognized in other comprehensive income are reclassified in the Consolidated Statement of Income under Net interest income or Salaries and employee benefits, depending on the hedged item, in the periods during which the cash flows comprising the hedged item affect income.

When the hedging relationship ceases to be effective or the hedging instrument is sold or terminated early, hedge accounting is discontinued prospectively. Changes in fair value recognized in other comprehensive income in respect of a cash flow hedging relationship that ceases to be effective or for which the hedging instrument is sold or terminated early are reclassified in the Consolidated Statement of Income under Net interest income or Salaries and employee benefits, depending on the hedged item, in the periods during which the cash flows comprising the hedged item affect income. Hedge accounting is also discontinued on the sale or early termination of the hedged item, whereupon the changes in fair value recognized in accumulated other comprehensive income are immediately recognized in other income.

Net investment hedges

Cross currency swaps are used to hedge changes in the fair value of the net investment in foreign operations with a functional currency other than the Canadian dollar.

For these hedging relationships, the changes in fair value related to the effective portion of the hedge are recognized in other comprehensive income. Changes in fair value related to the ineffective portion of the hedge are immediately recognized in the Consolidated Statement of Income under Other income. Upon disposal or partial disposal of the net investment in a foreign operation, the related proportion of accumulated changes in fair value previously recognized in other comprehensive income are reclassified in the Consolidated Statement of Income under Other income.

Deposits

Deposits are initially measured at fair value, net of directly attributable transaction costs incurred. Subsequently, they are measured at amortized cost using the effective interest method. Interest expense is allocated over the expected term of the deposit by applying the effective interest rate to the carrying amount of the liability. Commissions paid and other fees are recorded in interest expense over the term of the deposits. Deposits are presented net of unamortized commissions and other fees on the Consolidated Balance Sheet.

Indexed deposit contracts

Certain personal deposit obligations, such as equity-linked guaranteed investment certificates where the deposit obligation varies according to the performance of certain stock market indexes, may be subject to a guaranteed minimum redemption amount, such as the obligation to return the investor's initial investment at maturity. These obligations include an embedded derivative instrument that is accounted for separately and is presented in the Consolidated Balance Sheet under Derivatives.

Debt related to securitization activities

Debt related to securitization activities is initially measured at fair value net of directly attributable transaction costs incurred. Subsequently, the debt is measured at amortized cost using the effective interest rate method. Interest expense is allocated over the expected term of the borrowing by applying the effective interest rate to the carrying amount of the liability.

Subordinated debt

Subordinated debt is a direct unsecured obligation of the Bank and is subordinated in right of payment to the claims of depositors and certain other creditors of the Bank. Subordinated debt is initially measured at fair value net of directly attributable transaction costs incurred. Subsequently, the debt is measured at amortized cost using the effective interest method. Interest expense is allocated over the expected term of the borrowing by applying the effective interest rate to the carrying amount of the liability.

Measuring the fair value of financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The fair value of a financial instrument on initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. In certain circumstances, the initial fair value may be based on other observable market transactions for the same instrument or on a valuation technique.

Subsequent to initial recognition, the fair value of financial instruments is best evidenced by quoted prices in active markets when available. This fair value is based on the quoted price within the bid-offer prices that is most representative of fair value in the circumstances. Otherwise, fair value is measured using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Determining which valuation technique and inputs to apply requires judgment. Valuation techniques include cash flow discounting, comparison with current market prices for financial instruments with similar characteristics and risk profiles and option pricing models. The inputs, among other things, include contractual prices of the underlying instruments, yield curves and volatility factors. The valuations may also be adjusted to reflect the uncertainty in these parameters. Valuation adjustments may be made with respect to the liquidity or counterparty credit risk of financial instruments that have no available quoted prices in active markets. Fair value reflects market conditions on a given date and for this reason cannot be representative of future fair values.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the Consolidated Balance Sheet when the Bank currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously. In all other situations, financial assets and liabilities are presented on a gross basis.

3.2 LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the contract. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration, even if that right is not explicitly specified in an arrangement.

The Bank as a lessor

Finance leases

The Bank provides leasing solutions to business customers. Leases in which the Bank transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets held under a finance lease are presented as a receivable on the line-item Commercial loans in the Consolidated Balance Sheet.

Finance lease receivables are initially recorded at an amount equal to the net investment in the lease at the inception of the lease. This corresponds to the aggregate minimum lease payments receivable plus any unguaranteed residual value accruing to the Bank, discounted at the interest rate implicit in the lease. Finance lease receivables are subsequently recorded at an amount equal to the net investment in the lease at the reporting date, net of allowances for loan losses. Interest income is recognized based on a pattern reflecting a constant periodic rate of return on the Bank's net investment outstanding in respect of the finance lease. Commissions received, origination fees and costs, as well as other transaction costs in respect of finance leases are adjustments to the yield and are

recorded in interest income over the term of the lease. For derecognition and impairment of finance lease receivables, the Bank applies accounting policies applicable to financial instruments described in Note 3.1.

Operating leases

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. The leased assets are classified in the balance sheet in other assets and are carried at cost less accumulated depreciation, which considers their estimated residual value. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in Other income in the Consolidated Statement of Income.

The Bank as a lessee

The Bank enters into lease agreements as a lessee for its premises.

On the lease commencement date, a right-of-use asset and a lease liability are recognized. The right-of-use asset is initially measured at cost, which corresponds to the value of the lease liability adjusted for any lease payment made at or before the commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term.

Management assesses at least annually if indicators of impairment exist for its right-of-use assets that generate cash inflows that are largely independent of those from other assets or groups of assets of the Bank. When impairment indicators exist for such right-of-use assets, management compares their carrying value to their recoverable amount, which is determined using a value in use approach based on the expected sublease terms over the remainder of the head-leases. These terms notably include base rent recovery and variable rent recovery, as well as the expected absorption period.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate for a similar asset. Lease payments included in the measurement of the lease liability comprise fixed payments, reduced by any incentive receivables, and exclude operational costs and variable lease payments. Lease payments related to extension options are also included in the measurement of the lease liability if management has concluded that it is reasonably certain that the option will be exercised. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Short-term leases are leases with a lease term of 12 months or less. For short-term leases and leases of low-value assets, the Bank records the lease payments as an operating expense on a straight-line basis over the lease term.

The Bank presents right-of-use assets in Premises and equipment and lease liabilities in Other liabilities on the Consolidated Balance Sheet. The interest expense is presented under Interest expense, Other and the depreciation is presented under the Premises and technology line item on the Consolidated Statement of Income.

3.3 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Bank provides banking services to its customers. Revenue from contracts with customers is recognized when control of services provided by the Bank is transferred to the customer at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those services. Revenue associated with the rendering of services is recognized by reference to the satisfaction of performance obligations at the end of the reporting period. The Bank has generally concluded that it is the principal in its revenue arrangements, except for interchange income described below, because it typically controls the services before transferring them to the customer.

The Bank's fee and commission income from services, including those where performance obligations are satisfied over time, are as follow:

Income from mutual funds

Income from mutual funds mainly include trailer commissions. Trailer commissions are recognized over time and are generally calculated based on the average daily net asset value of the funds during the period.

Lending fees

Lending fees include commitment fees, stand-by fees and letter of credit fees. These fees are recognized in income over the period in which the service is provided.

Service charges

Service charges are earned on personal and commercial deposit accounts and consist of account fees and transaction-based service charges. Account fees relate to account maintenance activities and are recognized in income over the period in which the service is provided. Transaction-based service charges are recognized as earned at a point in time when the transaction is complete.

Card service revenues

Card service revenues include interchange income, as well as card fees such as annual and transactional fees. Interchange income is recognized at a point in time when the transaction is authorized and funded. Card fees are recognized as earned at the transaction date except for annual fees, which are recognized over a twelve-month period. The Bank also offers credit card loyalty points programs which

give rise to a separate performance obligation. Revenue allocated to the loyalty points is recognized upon redemption of products or services by the customer.

Fees and securities brokerage commissions

Fees and securities brokerage commissions mainly include commission fees and investment banking fees. Commission fees include sales, trailer and brokerage commissions. Sales and brokerage commissions are generally recognized at a point in time when the transaction is executed. Trailer commissions are recognized over time and are generally calculated based on the average daily net asset value of the fund during the period. Investment banking fees include advisory fees and underwriting fees and are generally recognized at a point in time as income upon successful completion of the engagement.

Fees on investment accounts

Fees from investment accounts are earned on personal investment accounts under administration and consist of account fees and transaction-based service charges. Account fees relate to account maintenance activities and are recognized in income over the period in which the service is provided. Transaction-based service charges are recognized as earned at a point in time when the transaction is complete.

Contract balances

Accounts receivables

A receivable represents the Bank's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). The timing of payment of accounts receivable is short term after the satisfaction of the performance obligation. Accounts receivables are measured at amortized cost and included in the Other assets line item.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Bank has received consideration from the customer. If a customer pays consideration before the Bank transfers services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Bank performs under the contract. Contract liabilities are included in the Other liabilities line item.

3.4 GOODWILL

Business combinations are accounted for using the acquisition method. At acquisition date, the consideration transferred is measured at the acquisition-date fair value. Acquisition-related costs are recognized directly in non-interest expenses in the period they are incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed of the acquiree are recognized at their estimated fair value. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill in the balance sheet, while any excess of the fair value of the net identifiable assets over the purchase price is recorded in net income as a gain on acquisition.

Impairment of goodwill

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to a cash-generating unit (CGU).

Goodwill is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired, by comparing the recoverable amount of the CGU with its carrying amount. The recoverable amount of the CGU is the greater of the value in use and its fair value less cost of disposal. If the recoverable amount of the CGU is less than its carrying value, an impairment loss is charged to income. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU proportionally based on the carrying amount of each asset. The impairment loss allocated to each asset shall not reduce the carrying amount of assets below its fair value less costs of disposal, its value in use or zero. Impairment losses on goodwill are charged to income in the period they are incurred and are not reversed.

To determine the recoverable amount of the CGU, management uses several significant estimates, including terminal growth rate, future cash flows and the discount rate of future cash flows. Management considers that these estimates are reasonable and reflect management's best estimates but include inherent uncertainties that are not under its control. Reasonable possible changes in estimates and assumptions could significantly impact the impairment test results. The key assumptions used to determine the recoverable amount of the tested CGU are disclosed and further explained in Note 9.

3.5 PREMISES AND EQUIPMENT

Premises and equipment are recorded at cost including expenditure that is directly attributable to the acquisition of the items, less accumulated depreciation and impairment losses. Additions and subsequent expenditures are capitalized only to the extent that they enhance the future economic benefits expected to be derived from the assets.

Depreciation

Depreciation begins when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated using the straight-line method to write down the cost of premises and equipment to their residual values over their estimated useful lives. Depreciation of premises and equipment is recorded in

the Consolidated Statement of Income under the Premises and technology line item. Land is not depreciated. The estimated useful lives are as follows:

	Period
Premises	25-40 years
Equipment and furniture	2-10 years
Computer hardware	2-10 years
Leasehold improvements	Minimum of useful life and term of related leases
Right-of-use assets	Minimum of useful life and term of related leases

The residual values underlying the calculation of depreciation of items of property are kept under review to take account of any change in circumstances. Useful lives and method of depreciation are also reviewed regularly, at a minimum at the end of each fiscal year and adjusted if appropriate. These changes are treated as changes in accounting estimates.

Impairment of premises and equipment

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is considered to be impaired, and it is written down to its recoverable amount. Assets are reviewed to determine whether there is any indication of impairment. Assessing whether such indications exist is subject to management's judgment.

3.6 SOFTWARE AND OTHER INTANGIBLE ASSETS

Software and other intangible assets that are not part of a cloud computing arrangement are recorded at cost including expenditure that is directly attributable to the acquisition of the items, less accumulated amortization and impairment losses. Additions and subsequent expenditures are capitalized only to the extent that they enhance the future economic benefits expected to be derived from the assets.

Amortization

Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Software is amortized on a straight-line basis over its estimated useful life, which ranges from five to twenty years. Amortization of software is recorded in the Consolidated Statement of Income under the Premises and technology line item. Other intangible assets with finite lives, mainly consisting of certain components of the core banking system, are amortized on a straight-line basis over their estimated useful life, which ranges from ten to twenty years. Amortization of other intangible assets is included in other non-interest expenses.

Impairment of software and other intangible assets

Software and intangible assets with finite lives are tested for impairment whenever there is an indication that the asset may be impaired and at least annually for software and other intangible assets under development. When the carrying amount exceeds its estimated recoverable amount, the assets with finite lives are considered impaired and are written down to their recoverable amount. Software and other intangible assets that do not generate cash inflows that are largely independent of those from other assets or group of assets are tested for impairment at the CGU level. Any impairment arising from a decline in value of intangible assets is charged to income in the period in which the losses are incurred.

3.7 EMPLOYEE BENEFITS

The Bank provides short-term benefits such as salary, health and life insurance, annual leave as well as other incentive plans. The Bank also provides post-employment benefits, including pension plans, as well as, for certain retired employees, health and life insurance.

Short-term benefits

The Bank recognizes a compensation expense as services are rendered by employees.

Post-employment benefits

The Bank has a number of benefit plans, including defined benefit and defined contribution pension plans, as well as other post-employment benefits.

Defined benefit pension plans

Typically, defined benefit plans provide benefits based on years of service, age, contribution and average earnings. The defined benefit asset or liability, recognized on the Consolidated Balance Sheet, corresponds to the present value of the plan obligation less the fair value of the plan assets at the balance sheet date. The present value of the defined benefit obligation is measured using the estimated future cash outflows discounted at the rate of high-quality corporate bonds with a maturity approximating the terms of the related defined benefit obligations. The cost of providing benefits under the plans is determined for each plan using the projected unit credit actuarial valuation method, which incorporates various parameters such as discount rates, future salary levels, retirement age, mortality rates and the general inflation rate. Pension plan assets are measured at fair value.

Actuarial gains and losses arise from changes in actuarial assumptions used to determine the plan obligation. Actuarial gains and losses are recognized as they occur in items of other comprehensive income that may not be reclassified subsequently to the Consolidated Statement of Income and are immediately transferred to retained earnings.

The value of any pension plan asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. Any restriction would be recorded as a valuation allowance.

Defined benefit costs recognized in the Consolidated Statement of Income under Salaries and employee benefits consist of a) current year's service cost, b) interest expense on the defined benefit obligation, c) return on plan assets based on the rate used to discount the plan obligation, d) past service cost and e) change in the valuation allowance.

Defined contribution pension plans

As part of the pension plans, the Bank also operates defined contribution pension arrangements. The contribution payable to these defined contribution arrangements is in proportion to the services rendered to the Bank by the employees and is recorded as an expense under Salaries and employee benefits. Unpaid contributions are recorded as a liability.

Other post-employment benefits

The Bank offers other post-employment benefits to its employees such as a salary continuance plan during maternity leave and the payment of group insurance plan premiums during a disability period or maternity leave. In addition, certain retired employees have other retirement benefits, including health and life insurance. The costs related to these benefits are recognized during the employees' service life according to accounting policies like those applied to defined benefit pension plans.

Assumptions

Valuation of employee benefits for defined benefit pension plans and other post-employment benefits are calculated by the Bank's independent actuaries based on a number of assumptions determined by management such as discount rates, future salary levels, retirement age, mortality rates and health-care cost escalation. The discount rate is determined using a high-quality corporate bond yield curve, whose construction requires significant judgment. Other key assumptions also require significant management judgment. Considering the importance of defined benefit obligations and due to the long-term nature of these plans, changes in assumptions could have a significant impact on the defined benefit plan assets (liabilities), as well as on pension plan and other post-employment benefit expenses.

3.8 INCOME TAXES

The Bank uses the liability method of tax allocation and accounts for the deferred income tax assets and liabilities related to loss carry forwards and other temporary differences between the carrying amounts and the tax bases of assets and liabilities, in accordance with tax laws and rates enacted or substantively enacted on the date the differences are expected to reverse. Deferred income tax asset is recognized to the extent that is more likely than not to be realized. All amounts resulting from changes in tax rates are recorded in net income, except to the extent that it relates to items previously recognized in equity, in which case they are recorded in equity.

Deferred income tax assets and liabilities reflect management's estimate of temporary differences. Asset values are determined using assumptions regarding the results of operations of future fiscal years, timing of reversal of temporary differences and tax rates on the date of reversals, which may well change depending on governments' fiscal policies. Management must also assess whether it is more likely than not that deferred income tax assets will be realized and determine to which extent deferred income tax assets may be recognized.

Deferred tax assets in respect of losses and deductible temporary differences have been recognized on the basis that management considers it probable that future taxable profits will be available against which deferred tax assets can be utilized. The utilization of deferred tax assets will depend on whether it is possible to generate sufficient taxable income based on future profit projections in the respective tax type and jurisdiction. Management also considers tax planning opportunities that will create future taxable income against which the unused losses, deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

In addition, the Bank takes part in the normal course of its business in certain transactions for which the tax impacts are uncertain. Management therefore interprets tax legislation in various jurisdictions and accounts for provisions for uncertain tax positions. The provisions are estimated at the end of each reporting period and reflect management's best estimate of the amounts that may have to be paid. In the case where an audit by tax authorities results in an adjustment to the provision, the difference will impact the income taxes of the period in which the assessment was made.

The use of different assumptions or interpretations could translate into significantly different income tax assets and liabilities, as well as income tax expense or recovery.

International Tax Reform — Pillar Two Income Taxes

In May 2023, the IASB issued amendments to IAS 12 Income Taxes in response to the Organization for Economic Cooperation and Development's (OECD) Pillar Two initiative, which introduces a global minimum corporate tax rate of 15% for multinational enterprises. The reform aims to address base erosion and profit shifting through a coordinated framework across participating jurisdictions.

The amendments to IAS 12 introduce a mandatory temporary exception from recognizing and disclosing deferred tax assets and liabilities that arise from tax laws enacted or substantively enacted to implement the Pillar Two model rules ("Pillar Two legislation"). The Bank has applied the mandatory exception retrospectively from the date of issuance of the amendments. Accordingly, no deferred tax assets or liabilities have been recognized or disclosed in relation to Pillar Two income taxes.

The Bank has prepared these Consolidated Financial Statements with consideration of the enacted and substantively enacted Pillar Two legislations, with an effective date of November 1, 2024, in jurisdictions in which it operates. Refer to Note 18 for further details.

3.9 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are liabilities of uncertain timing or amount. They are recognized when the Bank has a present legal or constructive obligation as a result of a past event, and it is both probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated, considering all relevant risks and uncertainties. Contingent liabilities are not recognized but are disclosed in the Consolidated Financial Statements when it cannot be determined whether an obligation is probable, or the amount of loss cannot reliably be estimated. The adequacy of provisions is regularly assessed and the necessary adjustments to incorporate new information are made as it becomes available.

Management exercises judgment in determining whether a past event or transaction may result in the recognition of a provision or the disclosure of a contingent liability, for instance in the case of legal actions or restructuring plans. Management and internal and external experts are involved in assessing the probability and in estimating any amounts involved. Furthermore, the actual cost of resolving these obligations may be substantially higher or lower than the amount recognized.

3.10 EARNINGS PER SHARE

The Bank calculates its basic earnings per share by dividing net income for the period, after deduction of preferred share dividends, including applicable income taxes, as well as premiums on redemption of preferred shares, by the weighted-average number of common shares outstanding for the period. Diluted earnings per share are calculated by dividing the basic earnings, adjusted for the effects of potentially dilutive common shares, by the weighted-average number of common shares outstanding adjusted for the period, inclusive of the effect of potentially dilutive common shares.

3.11 INSURANCE

An insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policy holder. The Bank has issued insurance contracts and holds reinsurance agreements.

On the insurance contract commencement date, a liability for remaining coverage is determined using the premium allocation approach (PAA), which is an optional simplified form of measuring an eligible group of insurance contracts issued, reinsurance contracts issued, or reinsurance contracts held. The Bank qualified for using the PAA for its insurance contracts as one of the following conditions were met:

- The coverage period of each contract in the group is one year or less; or
- The Bank reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the measurement that would be produced applying the requirements for the general model.

After initial recognition, the liability for remaining coverage is recognized over the coverage period on the basis of the passage of time. The Bank presents the insurance liabilities in Other liabilities in the Consolidated Balance Sheet and the insurance revenues and insurance service expenses in Other Income under Insurance income, net.

3.12 SHARE-BASED COMPENSATION

The Bank provides share-based compensation to certain employees and directors.

Compensation expense of share purchase options is accrued based on the best estimate of the number of instruments expected to vest, with revisions made to that estimate if subsequent information indicates that actual forfeitures are likely to differ from initial estimates. Share purchase options are expensed over the applicable vesting period with a corresponding increase in share-based payment reserve in equity. Upon exercise of the instruments, corresponding amounts in the share-based payment reserve are transferred to the common share account within shareholders' equity.

Stock appreciation rights, restricted share units, performance share units (PSUs) and deferred share units are accounted for as cash-settled share-based payment awards. These rights and units are recognized as a compensation expense over the applicable vesting period with a corresponding liability accrued based on the fair value of the Bank's common shares and, for PSUs, specific performance conditions. The change in the value of rights and units resulting from changes in the fair value of the Bank's common shares or changes in the specific performance conditions and credited dividends is recognized in income during the vesting period, partly offset by the effect of total return swaps used to manage the variability in the value of the related rights and units.

The Bank's contributions related to the employee share purchase program are recognized as compensation expense.

3.13 ASSETS UNDER ADMINISTRATION

The Bank administers assets held by customers that are not recognized in the Consolidated Balance Sheet. Revenues derived from the administration of these assets are recorded in other income, as services are provided. A profit on sale of assets under administration equal to the consideration received is recognized in other income when the assets under administration are transferred to the buyer.

3.14 TRANSLATION OF FOREIGN CURRENCIES

The Consolidated Financial Statements are presented in Canadian dollars which is the Bank's presentation currency. Items included in the financial statements of each of the Bank's entities are measured using their functional currency, which is the currency of the primary economic environment in which they operate.

Monetary assets and liabilities denominated in a currency that differs from an entity's functional currency are translated into the functional currency of the entity at the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities that are measured at historical cost are translated at historical exchange rates. Non-monetary assets that are measured at fair value are translated at the exchange rate prevailing at the balance sheet date. Income and expenses are translated at the average monthly exchange rates prevailing throughout the year. Gains and losses resulting from the translation of foreign currencies are included in other income except for available-for-sale equity securities not designated in fair value hedges, where unrealized translation gains and losses are included in other comprehensive income until the asset is sold or becomes impaired.

Assets and liabilities of the foreign operations with a functional currency in U.S. dollars are translated into Canadian dollars at the exchange rates prevailing at the Consolidated Balance Sheet date, and income and expenses of the foreign operations are translated at the average monthly exchange rates prevailing throughout the year. Any goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and are translated at the exchange rate prevailing at the Consolidated Balance Sheet date. Unrealized gains and losses resulting from the translation of foreign operations, along with related hedges and tax effects are included in other comprehensive income. Upon disposal or partial disposal of a foreign operation, an appropriate proportion of the translation differences previously recognized in other comprehensive income is recognized in other income.

3.15 CASH AND NON-INTEREST BEARING DEPOSITS WITH BANKS

Cash and cash equivalents consist of cash and non-interest bearing deposits with banks, which are measured at amortized cost. Cash comprises bank notes and coins.

3.16 SHARE CAPITAL

Share issuance costs

Incremental costs directly attributable to the issuance of new shares or options are recorded in equity as a deduction from the proceeds, net of applicable income taxes.

Dividend on common shares

Dividends on common shares are recorded in equity in the period in which they are approved by the Bank's Board of Directors.

4. FUTURE ACCOUNTING POLICY CHANGES

This section summarizes new standards and amendments to existing standards which have been issued but are not yet effective.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces the previous presentation standard, IAS 1, *Presentation of Financial Statements*. This new standard applies to annual reporting periods beginning on or after January 1, 2027, which will be November 1, 2027 for the Bank, and is to be applied retrospectively.

IFRS 18 is a new standard on presentation and disclosure in financial statements, with a focus on updates to the income statement and introduces three new concepts that relate to the structure of the statement of income, the required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Bank is currently assessing the impact of the adoption of this standard on its Consolidated Financial Statements.

Amendments to the Classification and Measurement of Financial Instruments (IFRS 7 and IFRS 9)

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*. The amendments clarify the derecognition of financial liabilities, the assessment of environmental, social and governance (ESG)-linked financial assets, the treatment of non-recourse assets and contractually linked instruments (CLIs), and mandate additional IFRS 7 disclosures for contingent event-linked terms and FVOCI equity instruments. The amendments are effective for annual periods starting on or after January 1, 2026, which will be November 1, 2026 for the Bank. The Bank is currently assessing the impact of these amendments on its Consolidated Financial Statements.

5. SECURITIES

Credit quality

As at October 31, 2025, debt securities at amortized cost and at FVOCI are classified in Stage 1, with their credit rating falling mainly in the "Low risk" category according to the Bank's internal risk-rating categories.

Securities at amortized cost

	2025		2024	
Securities issued or guaranteed				
by Canada ⁽¹⁾	\$	886,119	\$	928,644
by provinces		1,744,391		1,496,638
by municipalities		154,372		69,598
Other debt securities		334,164		295,573
	\$	3,119,046	\$	2,790,453

(1) Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the *National Housing Act*.

Securities at FVOCI

Accumulated unrealized gains and losses recognized in other comprehensive income are detailed as follows:

	2025				2024			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Securities issued or guaranteed								
by Canada ⁽¹⁾	\$ 239,883	\$ 3,011	\$ 3	\$ 242,891	\$ 132,825	\$ 1,358	\$ 280	\$ 133,903
by provinces	2,052	56	—	2,108	3,671	93	—	3,764
by municipalities	755	3	—	758	866	2	—	868
Other debt securities	2,188	13	—	2,201	2,275	4	1	2,278
Common shares and other securities	17,909	10,793	—	28,702	17,282	9,051	—	26,333
	\$ 262,787	\$ 13,876	\$ 3	\$ 276,660	\$ 156,919	\$ 10,508	\$ 281	\$ 167,146

(1) Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the *National Housing Act*.

Equity securities designated at FVOCI

The Bank designated certain equity securities at FVOCI without subsequent reclassification of gains and losses to net income.

	2025		2024	
Fair value at beginning of year	\$	26,333	\$	25,974
Change in fair value		1,742		(319)
Designated at FVOCI		627		678
Fair value at end of year	\$	28,702	\$	26,333

6. LOANS AND ALLOWANCES FOR CREDIT LOSSES

As at October 31, 2025 and October 31, 2024, loans are recognized on the Consolidated Balance Sheet at amortized cost as outlined in Note 3.

Determining and measuring expected credit losses (ECL)

Expected Credit Losses

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

- Stage 1: Financial instruments that are not impaired and for which the credit risk has not increased significantly since initial recognition are classified in Stage 1.
- Stage 2: Financial instruments that have experienced a significant increase in credit risk between initial recognition and the reporting date but are not impaired are migrated to Stage 2.
- Stage 3: Financial instruments for which there is objective evidence of impairment, for which one or more events have had a detrimental impact on estimated future cash flows at the reporting date and are considered credit impaired, are classified in Stage 3.

- POCL: Financial instruments that are credit-impaired when purchased or originated (POCL) are classified in the POCL category.

Governance and controls

The Bank's risk management framework is applied to the determination of expected credit losses. The Bank has policies and procedures that govern impairments arising from credit risk. These policies are documented and periodically reviewed by the risk management function. Each month, the Bank's Retail Credit Committee reviews analyses on various credit metrics to identify risks and trends that might affect the retail portfolios. The Bank's Commercial Credit Committee also reviews material impaired loans as well as analyses on other impaired loans where payment is past due by 90 days or more. Collection processes are centralized and are based on specialized expertise. Complex questions on measurement methodologies and assumptions are reviewed by a group of experts from various functions. Furthermore, the inputs and assumptions used to determine expected credit losses are reviewed on a regular basis by the risk management function.

Measurement of expected credit losses

Expected credit losses are estimated using three main variables: (1) probability of default (PD), (2) loss given default (LGD) and (3) exposure at default (EAD) discounted at the reporting date. For accounting purposes, 12-month expected credit losses are estimated by multiplying 12-month PD by LGD and by EAD. Lifetime expected credit losses are estimated using the lifetime PD.

Expected credit losses are measured either on a collective or an individual basis. Financial instruments that have credit losses measured on a collective basis are allocated to groups that share similar credit risk characteristics.

Inputs, assumptions and estimation techniques used

To calculate ECL under IFRS 9, the Bank primarily leverages its credit risk models based on the internal risk rating of credit facilities while adjusting certain parameters.

PD estimates

PD is an estimate of the likelihood that a loan will not be repaid over a given time horizon. The resulting PD estimates are built based on historical data, current market conditions and are estimated by incorporating reasonable and supportable forward-looking economic conditions at the balance sheet date. Some adjustments are made to Basel parameters to transform them into parameters compliant with IFRS 9 requirements, including the conversion of through-the-cycle parameters to point-in-time inputs that consider supportable and relevant information about future economic conditions.

LGD estimates

LGD represents the amount that may not be recovered in the case where a default occurs. LGD estimates are determined based on historical data, facility-specific characteristics such as collateral, direct costs and relevant information about future economic conditions, where appropriate.

EAD estimates

EAD represents an estimate of the exposure at the time a default may occur. Depending on the type of exposure, EAD includes forward-looking expectations about amounts to be drawn on a committed facility, if applicable, or expectations about repayments of drawn balances.

Expected life

For most financial instruments, the expected life used when measuring expected credit losses is the remaining contractual life. For revolving financial instruments where there is no contractual maturity, such as credit cards or lines of credit, the expected life is based on the behavioral life of the product.

Incorporation of forward-looking information

The Bank's Economy and Strategy group is responsible for developing three macroeconomic scenarios (base scenario, upside scenario and downside scenario) and for recommending probability weights for each scenario. Macroeconomic scenarios are not developed for specific portfolios, as the Economy and Strategy group provides a set of variables for each of the defined scenarios. ECL inputs and models rely on forward-looking macroeconomic factors such as interest rates, unemployment rates, GDP forecasts and housing price indices.

Assessment of significant changes in credit risk

To assess whether the credit risk of a financial instrument has increased significantly, the 12-month PD at the reporting date is compared with the 12-month PD at the date of initial recognition, and reasonable and supportable information indicative of significant increases in credit risk since initial recognition is considered. The Bank has included relative and absolute thresholds in the definition of significant increase in credit risk and a backstop of 30 days past due. All financial instruments that are 30 days past due are migrated to Stage 2 even if other metrics do not indicate that a significant increase in credit risk has occurred. The Bank also considers other relevant factors that may not be adequately reflected in the information used for this assessment (including late payments and whether the financial asset is subject to additional monitoring such as the watch list for commercial loan portfolios). Similarly, the Bank determines whether credit risk has decreased significantly for loans that have been migrated to Stage 2 or Stage 3, using those same factors.

Use of management overlays

Management overlays to ECL allowance estimates are used where it is assessed that existing inputs, assumptions and model techniques do not capture all relevant risk factors. The emergence of new macroeconomic or political events, along with expected changes to parameters, models or data that are not incorporated in current parameters, internal risk rating migrations, or forward-looking information are examples of such circumstances. The use of management overlays requires the application of significant judgment.

Determination of credit impairment

The Bank considers a financial asset to be impaired when one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred or when contractual payments are 90 days past due.

Credit risk rating grades

Personal credit exposures

The Bank uses behavior scoring models to manage and monitor personal credit exposures. The table below shows the PD categories along with the associated credit qualities of the personal credit portfolios.

PD (%)	Description
0.00-0.33	Very low risk
0.34-0.83	Low risk
0.84-14.98	Medium risk
14.99-99.99	High risk
100	Default

Commercial credit exposures

For internal credit risk management, the Bank uses a 19-level risk rating system to evaluate commercial credit exposures. This risk rating system used by the Bank is akin to the systems used by major external rating agencies. The following table presents a grouping of the grades by major risk category and compares them with the ratings of two major rating agencies.

Ratings	PD (%)	Standard & Poor's	DBRS	Description
1-7	0.00-0.53	AAA to BBB-	AAA to BBB (low)	Very low risk
8-10	0.54-2.28	BB+ to B+	BB (high) to B (high)	Low risk
11-13	2.29-9.91	B to B-	B to B (low)	Medium risk
14-16	9.92-99.99	CCC+ to CCC-	CCC (high) to CCC (low)	High risk
17-19	100	CC/C/D	CC/C/D	Default

Credit risk exposure⁽¹⁾

The following table shows the gross and net carrying amounts of loans and off-balance sheet exposures, according to credit quality and ECL impairment stage of each loan category at amortized cost.

	2025				2024			
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Personal loans								
Very low risk	\$ 1,512,146	\$ 166	\$ —	\$ 1,512,312	\$ 1,545,107	\$ 217	\$ —	\$ 1,545,324
Low risk	183,028	24,114	—	207,142	201,105	33,731	—	234,836
Medium risk	124,881	120,022	—	244,903	146,467	161,710	—	308,177
High risk	—	6,140	—	6,140	—	8,241	—	8,241
Default	—	—	5,116	5,116	—	—	9,848	9,848
Gross carrying amount	1,820,055	150,442	5,116	1,975,613	1,892,679	203,899	9,848	2,106,426
Allowances for loan losses	4,619	11,883	2,241	18,743	4,872	23,102	3,259	31,233
Net carrying amount	\$ 1,815,436	\$ 138,559	\$ 2,875	\$ 1,956,870	\$ 1,887,807	\$ 180,797	\$ 6,589	\$ 2,075,193
Residential mortgage loans								
Very low risk	\$12,998,894	\$ —	\$ —	\$12,998,894	\$12,954,098	\$ 2,291	\$ —	\$12,956,389
Low risk	1,570,811	12,442	—	1,583,253	1,845,307	9,433	—	1,854,740
Medium risk	800,189	584,898	—	1,385,087	876,937	687,700	—	1,564,637
High risk	—	108,350	—	108,350	—	111,585	—	111,585
Default	—	—	56,211	56,211	—	—	50,566	50,566
Gross carrying amount	15,369,894	705,690	56,211	16,131,795	15,676,342	811,009	50,566	16,537,917
Allowances for loan losses	3,361	9,145	3,578	16,084	4,221	10,301	3,211	17,733
Net carrying amount	\$15,366,533	\$ 696,545	\$ 52,633	\$16,115,711	\$15,672,121	\$ 800,708	\$ 47,355	\$16,520,184
Commercial loans								
Very low risk	\$ 3,512,299	\$ 10,522	\$ —	\$ 3,522,821	\$ 3,182,333	\$ 18,863	\$ —	\$ 3,201,196
Low risk	9,163,203	170,823	—	9,334,026	8,416,401	197,796	—	8,614,197
Medium risk	3,298,522	793,702	—	4,092,224	3,021,265	877,181	—	3,898,446
High risk	—	593,145	—	593,145	—	581,940	—	581,940
Default	—	—	364,616	364,616	—	—	318,408	318,408
Gross carrying amount	15,974,024	1,568,192	364,616	17,906,832	14,619,999	1,675,780	318,408	16,614,187
Allowances for loan losses	43,759	27,324	70,420	141,503	58,212	19,081	63,118	140,411
Net carrying amount	\$15,930,265	\$ 1,540,868	\$ 294,196	\$17,765,329	\$14,561,787	\$ 1,656,699	\$ 255,290	\$16,473,776
Total loans								
Gross carrying amount	\$33,163,973	\$ 2,424,324	\$ 425,943	\$36,014,240	\$32,189,020	\$ 2,690,688	\$ 378,822	\$35,258,530
Allowances for loan losses	51,739	48,352	76,239	176,330	67,305	52,484	69,588	189,377
Net carrying amount	\$33,112,234	\$ 2,375,972	\$ 349,704	\$35,837,910	\$32,121,715	\$ 2,638,204	\$ 309,234	\$35,069,153
Off-balance sheet exposures⁽²⁾								
Very low risk	\$ 1,032,660	\$ 78	\$ —	\$ 1,032,738	\$ 1,587,971	\$ 16,834	\$ —	\$ 1,604,805
Low risk	889,774	16,433	—	906,207	765,407	21,412	—	786,819
Medium risk	612,514	42,236	—	654,750	457,971	78,659	—	536,630
High risk	—	15,368	—	15,368	—	12,002	—	12,002
Default	—	—	—	—	—	—	—	—
Total exposure	2,534,948	74,115	—	2,609,063	2,811,349	128,907	—	2,940,256
Allowances for off-balance sheet exposures losses	10,864	1,627	—	12,491	11,983	2,427	—	14,410
Total exposure, net	\$ 2,524,084	\$ 72,488	\$ —	\$ 2,596,572	\$ 2,799,366	\$ 126,480	\$ —	\$ 2,925,846

(1) Certain comparative figures have been reclassified to conform to current year presentation.

(2) Including letters of guarantee and certain undrawn amounts under approved credit facilities.

Reconciliation of allowances for credit losses

The following table presents the reconciliation of allowances for credit losses for each exposure category at amortized cost according to ECL impairment stage.

	2025				2024			
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Personal loans								
Balance at beginning of period	\$ 5,781	\$ 24,258	\$ 3,259	\$ 33,298	\$ 8,298	\$ 32,758	\$ 7,063	\$ 48,119
Transfers:								
to Stage 1	3,875	(3,612)	(263)	—	4,054	(3,841)	(213)	—
to Stage 2	(1,073)	1,525	(452)	—	(1,222)	1,721	(499)	—
to Stage 3	(84)	(1,203)	1,287	—	(369)	(571)	940	—
Originations	932	—	—	932	962	—	—	962
Derecognitions	(805)	(7,090)	(2,271)	(10,166)	(1,475)	(12,407)	(5,850)	(19,732)
Net remeasurement of allowances	(2,873)	(824)	10,936	7,239	(4,467)	6,598	19,021	21,152
Provision for (reversal of) credit losses	(28)	(11,204)	9,237	(1,995)	(2,517)	(8,500)	13,399	2,382
Write-offs	—	—	(15,900)	(15,900)	—	—	(23,802)	(23,802)
Recoveries	—	—	6,530	6,530	—	—	7,484	7,484
Foreign exchange and other	—	—	(885)	(885)	—	—	(885)	(885)
Balance at end of period	\$ 5,753	\$ 13,054	\$ 2,241	\$ 21,048	\$ 5,781	\$ 24,258	\$ 3,259	\$ 33,298
Total allowances for loan losses	\$ 4,619	\$ 11,883	\$ 2,241	\$ 18,743	\$ 4,872	\$ 23,102	\$ 3,259	\$ 31,233
Total allowances for off-balance sheet exposures	1,134	1,171	—	2,305	909	1,156	—	2,065
Total allowances for credit losses	\$ 5,753	\$ 13,054	\$ 2,241	\$ 21,048	\$ 5,781	\$ 24,258	\$ 3,259	\$ 33,298
Residential mortgage loans								
Balance at beginning of period	\$ 4,456	\$ 10,422	\$ 3,211	\$ 18,089	\$ 5,989	\$ 7,977	\$ 2,072	\$ 16,038
Transfers:								
to Stage 1	3,474	(3,323)	(151)	—	2,493	(2,338)	(155)	—
to Stage 2	(1,132)	1,999	(867)	—	(1,735)	2,111	(376)	—
to Stage 3	(94)	(1,047)	1,141	—	(225)	(706)	931	—
Originations	1,392	—	—	1,392	1,708	—	—	1,708
Derecognitions	(1,132)	(1,635)	(1,496)	(4,263)	(875)	(1,090)	(914)	(2,879)
Net remeasurement of allowances	(3,588)	2,738	4,242	3,392	(2,899)	4,468	3,677	5,246
Provision for (reversal of) credit losses	(1,080)	(1,268)	2,869	521	(1,533)	2,445	3,163	4,075
Write-offs	—	—	(1,435)	(1,435)	—	—	(1,108)	(1,108)
Recoveries	—	—	461	461	—	—	612	612
Foreign exchange and other	—	—	(1,528)	(1,528)	—	—	(1,528)	(1,528)
Balance at end of period	\$ 3,376	\$ 9,154	\$ 3,578	\$ 16,108	\$ 4,456	\$ 10,422	\$ 3,211	\$ 18,089
Total allowances for loan losses	\$ 3,361	\$ 9,145	\$ 3,578	\$ 16,084	\$ 4,221	\$ 10,301	\$ 3,211	\$ 17,733
Total allowances for off-balance sheet exposures	15	9	—	24	235	121	—	356
Total allowances for credit losses	\$ 3,376	\$ 9,154	\$ 3,578	\$ 16,108	\$ 4,456	\$ 10,422	\$ 3,211	\$ 18,089
Commercial loans								
Balance at beginning of period	\$ 69,051	\$ 20,231	\$ 63,118	\$ 152,400	\$ 66,101	\$ 34,987	\$ 49,556	\$ 150,644
Transfers:								
to Stage 1	10,385	(7,710)	(2,675)	—	9,624	(7,753)	(1,871)	—
to Stage 2	(5,082)	14,376	(9,294)	—	(5,216)	9,580	(4,364)	—
to Stage 3	(649)	(4,642)	5,291	—	(764)	(3,215)	3,979	—
Originations	16,797	—	—	16,797	17,853	—	—	17,853
Derecognitions	(19,381)	(7,420)	(11,643)	(38,444)	(18,665)	(19,892)	(4,945)	(43,502)
Net remeasurement of allowances	(17,818)	13,116	88,858	84,156	(227)	6,422	74,549	80,744
Provision for (reversal of) credit losses	(15,748)	7,720	70,537	62,509	2,605	(14,858)	67,348	55,095
Write-offs	—	—	(66,971)	(66,971)	—	—	(56,820)	(56,820)
Recoveries	—	—	5,605	5,605	—	—	4,473	4,473
Foreign exchange and other	171	(180)	(1,869)	(1,878)	345	102	(1,439)	(992)
Balance at end of period	\$ 53,474	\$ 27,771	\$ 70,420	\$ 151,665	\$ 69,051	\$ 20,231	\$ 63,118	\$ 152,400
Total allowances for loan losses	\$ 43,759	\$ 27,324	\$ 70,420	\$ 141,503	\$ 58,212	\$ 19,081	\$ 63,118	\$ 140,411
Total allowances for off-balance sheet exposures	9,715	447	—	10,162	10,839	1,150	—	11,989
Total allowances for credit losses	\$ 53,474	\$ 27,771	\$ 70,420	\$ 151,665	\$ 69,051	\$ 20,231	\$ 63,118	\$ 152,400
Total exposure								
Total allowances for loan losses	\$ 51,739	\$ 48,352	\$ 76,239	\$ 176,330	\$ 67,305	\$ 52,484	\$ 69,588	\$ 189,377
Total allowances for off-balance sheet exposures	10,864	1,627	—	12,491	11,983	2,427	—	14,410
Total allowances for credit losses	\$ 62,603	\$ 49,979	\$ 76,239	\$ 188,821	\$ 79,288	\$ 54,911	\$ 69,588	\$ 203,787

Main macroeconomic factors

The following tables show the main macroeconomic factors used to estimate the collective allowances for credit losses as at October 31, 2025 and as at October 31, 2024.

	2025					
	Base scenario		Upside scenario		Downside scenario	
	Next 12 months ⁽¹⁾	Remaining forecast period ⁽²⁾	Next 12 months ⁽¹⁾	Remaining forecast period ⁽²⁾	Next 12 months ⁽¹⁾	Remaining forecast period ⁽²⁾
Main macroeconomic factors						
Gross Domestic Product (GDP) growth (decrease)	1.6%	3.5%	2.5%	3.9%	(0.9)%	3.2%
Average unemployment rate (percentage points)	7.4	6.8	6.9	5.8	7.9	7.7
Housing price index growth (decrease)	1.0%	4.2%	4.7%	7.0%	(6.0)%	(0.2)%
S&P/TSX index growth (decrease) ⁽³⁾	3.2%	7.5%	10.2%	13.2%	(14.8)%	3.8%
	2024					
	Base scenario		Upside scenario		Downside scenario	
	Next 12 months ⁽¹⁾	Remaining forecast period ⁽²⁾	Next 12 months ⁽¹⁾	Remaining forecast period ⁽²⁾	Next 12 months ⁽¹⁾	Remaining forecast period ⁽²⁾
Main macroeconomic factors						
GDP growth (decrease)	1.6%	3.1%	2.4%	3.8%	(1.7)%	3.1%
Average unemployment rate (percentage points)	6.8	6.4	6.3	5.4	7.8	7.6
Housing price index growth (decrease)	5.9%	7.5%	9.6%	9.6%	(5.6)%	4.9%
S&P/TSX index growth (decrease) ⁽³⁾	5.4%	9.1%	9.8%	14.6%	(13.6)%	4.2%

(1) Expected variation or average over the next 12 months. These factors are used for Stage 1 ECL calculations.

(2) Expected variation or average over the remaining forecast period of 24 months. These factors are used for Stage 2 and Stage 3 ECL calculations.

(3) Main stock index in Canada.

The main macroeconomic factors used for the personal and residential mortgage loan portfolios are the average unemployment rate, the housing price index and the S&P/TSX index. The main macroeconomic factor used for the commercial loan portfolio is the GDP. An increase in the average unemployment rate will generally correlate with higher allowances for credit losses, whereas an increase in the other macroeconomic factors mentioned above will generally correlate with lower allowances for credit losses.

Description of scenarios used for ECL measurement as at October 31, 2025

The scenarios described below are based on information and data available as at October 31, 2025.

Base Scenario

In the base scenario, global tariffs, including those imposed by the United States and China on Canadian exports, remain in place throughout the three-year forecast horizon. The Canada-United States-Mexico Agreement (CUSMA) is successfully renewed for a 10-year term following trilateral negotiations in mid-2026. The U.S. economy maintains moderate growth, supported by resilient domestic demand and investment. In Canada, elevated trade uncertainty and higher input costs continue to weigh on business investment and consumer sentiment. The combination of persistent tariffs and global trade shifts contribute to a modest rise in Consumer Price Index (CPI) inflation and slows the pace of Canada’s economic growth. Concurrently, mortgage renewals at higher rates dampen household spending. Canada retains its AAA credit rating following the release of the 2025 federal budget, reflecting investor confidence in the country’s fiscal framework. Labour market conditions remain soft, with unemployment rising moderately and expected to peak in early 2026. Home prices appreciate slowly, and equity markets experience mid-single-digit annual returns amid short-term volatility. The Bank of Canada ends its rate-cutting cycle after two consecutive 25-basis-point reductions in September and October 2025, bringing the overnight rate to 2.25%. The nomination of a new U.S. Federal Reserve Chair in 2026 does not disrupt market confidence or perceptions of central bank independence.

Downside Scenario

In the downside scenario, global trade tensions escalate. In the first semester of 2026, the United States issues a six-month notice to withdraw from the CUSMA. Effective U.S. tariffs on Canadian goods surge to 15%, severely disrupting supply chains and triggering a sharp decline in business and consumer confidence. Both the U.S. and Canadian economies enter into recession. CPI inflation spikes due to supply-side shocks, while Canada’s AAA credit rating is downgraded following the release of the 2025 federal budget, which projects structural deficits and rising debt-to-GDP ratios. Unemployment climbs sharply, and home prices decline. Equity markets falter amid heightened volatility and growing investor risk aversion. Canada loses permanent market share in the United States, and disposable income remains constrained throughout the forecast period. The nomination of a new U.S. Federal Reserve Chair in 2026 is perceived as politically motivated, undermining confidence in monetary policy independence and contributing to foreign exchange volatility and elevated U.S. interest rates.

Upside Scenario

In the upside scenario, global trade tensions ease. Following constructive negotiations, the CUSMA is renewed, and U.S. tariffs on Canadian goods fall below 5%, though not fully eliminated. The reduced tariff burden mitigates macroeconomic disruption, and trade flows begin to normalize. Economic uncertainty recedes, boosting business investment and consumer spending. CPI inflation remains under control, and both the U.S. and Canadian economies gain momentum. The Bank of Canada delivers one final 25-basis-point rate cut in late 2025, bringing the overnight rate to 2.00%. Most households manage mortgage renewals without significant financial strain. Labour market conditions improve, with unemployment trending downward. Home prices appreciate at a healthy pace, and equity markets post strong gains, supported by improving investor sentiment. Canada maintains its AAA credit rating, aided by manageable fiscal deficits and targeted growth-oriented policies. The nomination of a new U.S. Federal Reserve Chair in 2026 is perceived as maintaining institutional continuity, preserving market confidence.

Sensitivity analysis of allowances for credit losses on performing loans

If the Bank was to only use the base scenario for the measurement of allowances for credit losses on performing loans, it would be \$11.1 million lower than the recognized allowances for credit losses as at October 31, 2025 (\$14.0 million lower as at October 31, 2024). If the Bank was to only use the downside scenario for the measurement of allowances for credit losses on performing loans, it would be \$21.5 million higher than the recognized allowances for credit losses as at October 31, 2025 (\$33.8 million higher as at October 31, 2024).

This sensitivity is isolated to the measurement of allowances for credit losses and therefore did not consider changes in the migration of exposures between Stage 1 and Stage 2 from the determination of the significant increase in credit risk that would have resulted in a 100% base scenario or a 100% downside scenario. As a result, the allowances for credit losses on performing loans could exceed the amount implied by the 100% downside scenario from the migration of additional exposures from Stage 1 to Stage 2. Actual credit losses could differ materially from those reflected in these estimates.

Under the current probability-weighted scenarios, if all performing loans were in Stage 1, reflecting a 12-month expected loss period, the allowances for credit losses on performing loans would be \$101.2 million as at October 31, 2025 (\$128.5 million as at October 31, 2024).

Finance lease receivables

The Commercial loans line item includes net investment in leases of \$1.2 billion as at October 31, 2025 (\$1.1 billion as at October 31, 2024).

	2025	2024
Minimum lease payments	\$ 1,342,667	\$ 1,265,784
Unguaranteed residual values	29,094	28,465
Gross investment in leases	1,371,761	1,294,249
Unearned interest income	(168,249)	(163,800)
Net investment in leases	1,203,512	1,130,449
Unamortized deferred costs, security deposits, and other	14,139	13,596
	\$ 1,217,651	\$ 1,144,045

Contractual maturities of finance lease receivables

The following table shows information about contractual maturity dates for finance lease receivables.

	2025			2024		
	Gross investment in leases	Unearned interest income	Net investment in leases	Gross investment in leases	Unearned interest income	Net investment in leases
Receivable within one year	\$ 473,361	\$ 76,928	\$ 396,433	\$ 461,034	\$ 72,986	\$ 388,049
Receivable within 1 to 5 years	882,962	90,718	792,244	815,019	89,931	725,087
Receivable after 5 years	15,438	603	14,835	18,196	883	17,313
	\$ 1,371,761	\$ 168,249	\$ 1,203,512	\$ 1,294,249	\$ 163,800	\$ 1,130,449

7. SECURITIZATION AND STRUCTURED ENTITIES

7.1 TRANSFER OF FINANCIAL ASSETS

The Bank primarily sells residential mortgage loans through the Canada Mortgage Bond (CMB) program and to third-party investors under the National Housing Act (NHA) Mortgage-Backed Securities (MBS) program set-up by the Canada Mortgage and Housing Corporation (CMHC), as well as through other multi-seller conduits set up by other Canadian banks.

CMHC programs

Under the NHA MBS program, the Bank issues marketable securities backed by insured eligible residential mortgage loans (the NHA MBS). These NHA MBS may be sold directly to investors or through the CMB program. CMBs are CMHC guaranteed bonds issued through the Canada Housing Trust No. 1 (CHT), a special purpose trust. The NHA MBS and CMB holders and the CHT have no recourse to other assets of the Bank in the event of failure of debtors to pay when due.

As the Bank continues to be exposed to the prepayment, interest rate and/or credit risk associated with the securitized mortgage loans, the Bank retains substantially all risks and rewards related to those financial assets. Therefore, securitized residential mortgage loans remain on balance sheet and are considered pledged assets. The proceeds received are recorded as secured financing on the Debt related to securitization activities line item on the Consolidated Balance Sheet. Other assets required to be maintained for the Bank to participate in the CMB program (Replacement Assets) are also recorded on balance sheet and considered pledged assets.

Multi-seller conduit

The Bank sells residential mortgage loans to an intermediate multi-seller structured entity established for the limited purpose of securitization activities. The intermediate multi-seller structured entity funds such purchases through the issuance of interest-bearing notes to other structured entities. The structured entity has no recourse to other assets of the Bank in the event of failure of debtors to pay when due.

As the Bank provides credit enhancements for these transactions, the Bank retains substantially all risks and rewards related to those financial assets. The securitized loans remain on balance sheet. However, as the Bank's rights, title and interest in the transferred loans are legally transferred to the structured entity, these are considered pledged assets. The proceeds received are recorded as secured financing on the Debt related to securitization activities line item on the Consolidated Balance Sheet.

Financial assets not qualifying for derecognition and associated financial liabilities

The following table summarizes the carrying amounts of financial assets sold through the CMHC programs or to a multi-seller conduit that do not qualify for derecognition and their associated financial liabilities included on the Consolidated Balance Sheet.

	2025	2024
Residential mortgage loans	\$ 12,410,123	\$ 11,809,030
Replacement Assets ⁽¹⁾	818,610	758,322
Debt related to securitization activities	(13,287,492)	(12,495,928)

(1) Includes cash and deposits with banks, securities purchased under reverse repurchase agreements and securities acquired as part of the principal reinvestment account that is required to be maintained for the Bank to participate in the CMB program.

As at October 31, 2025, the Bank also has securitized other residential mortgage loans for a total amount of \$182.1 million (\$206.7 million as at October 31, 2024) as part of the NHA MBS program, which were not subsequently sold. The resulting NHA MBS are presented as part of residential mortgage loans.

The following table summarizes the securitization activities carried out by the Bank.

	2025	2024
Carrying amounts of residential mortgage loans transferred during the year related to new financing	\$ 3,661,356	\$ 2,058,658
Carrying amounts of residential mortgage loans transferred during the year as Replacement Assets	358,031	262,010

7.2 STRUCTURED ENTITIES SECURITIZATION VEHICLES

In the ordinary course of business, the Bank enters into transactions with other structured entities as part of securitization programs to obtain alternative sources of funding. The Bank sells personal loans and finance lease receivables to two intermediate partnerships, B2B Securitization Limited Partnership and LBC Leasing Limited Partnership (the Partnerships), respectively. To fund these purchases, the Partnerships issue interest-bearing liabilities to securitization conduits of other Canadian banks. These Partnerships are consolidated as the Bank holds 100% of the rights, has the ability to direct the relevant activities and can exercise power to affect returns. The interest-bearing liabilities issued by the Partnerships are recorded as debt related to securitization activities on the Consolidated Balance Sheet.

Financial assets not qualifying for derecognition and associated financial liabilities

The following table summarizes the carrying amounts of financial assets securitized through other structured entities that do not qualify for derecognition and their associated financial liabilities included in the Consolidated Balance Sheet.

	2025	2024
Personal loans	\$ 858,402	\$ 990,231
Commercial loans ⁽¹⁾	323,461	564,231
Debt related to securitization activities	(765,208)	(1,000,529)

(1) The Bank securitizes finance lease receivables which are included in the Commercial loans line item.

The following table summarizes the activities carried out by the Bank's consolidated structured entities.

	2025	2024
Carrying amounts of personal loans transferred during the year	\$ —	\$ 170,657
Carrying amounts of finance lease receivables transferred during the year	—	278,693

7.3 COVERED BONDS

The Bank has established a \$2.0 billion legislative covered bond programme (the Programme) pursuant to the Canadian Registered Covered Bond Programs Guide, published by the Canada Mortgage and Housing Corporation (CMHC). As at October 31, 2025, two series of covered bonds were outstanding, with a respective principal balance of \$250.0 million and \$260.0 million and which bear interest respectively at a rate of 1.603% and 3.545% annually, payable semi-annually. The covered bonds are presented as Deposits on the Bank's Consolidated Balance Sheet.

The Bank periodically transfers mortgages to a consolidated structured entity, LBC Covered Bond (Legislative) Guarantor Limited Partnership (the Guarantor LP), to support funding activities and asset coverage requirements under the Programme. As at October 31, 2025, the total amount of mortgages outstanding was \$694.7 million (\$683.0 million as at October 31, 2024).

8. PREMISES AND EQUIPMENT

	Right-of-use assets	Premises and leasehold improvements	Equipment and furniture	Computer hardware	Total
Cost					
As at October 31, 2023	\$ 108,381	\$ 58,230	\$ 13,346	\$ 36,560	\$ 216,517
Additions	5,299	1,246	348	1,963	8,856
Impairment	(18,019)	(6,791)	(536)	(985)	(26,331)
Disposals ⁽²⁾	(2,535)	(73)	(3,396)	(9,498)	(15,502)
Impact of foreign currency translation and other	51	6	3	1	61
As at October 31, 2024	93,177	52,618	9,765	28,041	183,601
Additions	10,512	7,728	740	150	19,130
Change in estimates ⁽¹⁾	675	—	—	—	675
Impairment	(465)	(3,922)	(216)	(668)	(5,271)
Disposals ⁽²⁾	(3,413)	(2,566)	(1,759)	(937)	(8,675)
Impact of foreign currency translation and other	94	11	5	4	114
As at October 31, 2025	\$ 100,580	\$ 53,869	\$ 8,535	\$ 26,590	\$ 189,574
Accumulated depreciation					
As at October 31, 2023	\$ 42,221	\$ 26,470	\$ 11,693	\$ 22,793	\$ 103,177
Depreciation	10,405	4,082	446	3,125	18,058
Impairment	—	(4,112)	(437)	(207)	(4,756)
Disposals ⁽²⁾	(2,535)	(73)	(3,396)	(9,498)	(15,502)
Impact of foreign currency translation and other	27	4	3	2	36
As at October 31, 2024	50,118	26,371	8,309	16,215	101,013
Depreciation	9,398	3,775	445	3,570	17,188
Impairment	—	(2,699)	(215)	(660)	(3,574)
Disposals ⁽²⁾	(3,413)	(2,566)	(1,759)	(937)	(8,675)
Impact of foreign currency translation and other	27	4	3	(9)	25
As at October 31, 2025	\$ 56,130	\$ 24,885	\$ 6,783	\$ 18,179	\$ 105,977
Carrying amount					
As at October 31, 2024	\$ 43,059	\$ 26,247	\$ 1,456	\$ 11,826	\$ 82,588
As at October 31, 2025	\$ 44,450	\$ 28,984	\$ 1,752	\$ 8,411	\$ 83,597

(1) The change in estimates in right-of-use assets resulted from the reassessment of whether the Bank was reasonably certain to exercise extension options for its corporate office premises.

(2) Includes write-offs of fully depreciated assets.

Impairment

In 2025, an impairment of premises and equipment amounting to \$1.7 million was recorded on the Impairment and restructuring charges line item mainly as a result of updated estimates related to leased corporate office premises. Refer to Note 27 for further details.

In 2024, indicators of impairment were identified as at April 30, 2024 relating to management's plan to reduce the Bank's leased corporate office premises in Toronto. The Bank compared the carrying value of its right-of-use assets to their recoverable amount, which is determined using a value in use approach based on the expected sublease terms over the remainder of the headlease. These terms notably include base rent recovery and variable rent recovery, as well as the expected absorption period. Impairment of premises and equipment amounting to \$13.8 million in the second quarter of 2024 was recorded on the Impairment and restructuring charges line item. In the fourth quarter of 2024, the Bank also reviewed the utilization of its premises and equipment and recorded \$1.4 million of additional impairment charges on the Impairment and restructuring charges line item. Refer to Note 27 for further details.

In addition, in 2024, an impairment of premises and equipment amounting to \$5.8 million was recorded on the Impairment and restructuring charges line item related to the Personal and Commercial Banking segment's impairment. Refer to Note 9 for further details.

9. GOODWILL, SOFTWARE AND OTHER INTANGIBLE ASSETS

Goodwill

	2025		2024
As at beginning of year	\$	—	\$ 84,755
Impairment		—	(83,929)
Impact of foreign currency translation		—	(826)
As at the end of year	\$	—	\$ —

As at October 31, 2025 and 2024, the Bank had no goodwill on its consolidated balance sheet.

2025 Impairment test

As a result of the Transactions announced on December 2, 2025 (see Note 1.1 for details), indicators of potential impairment were identified for the Bank's P&C Banking and Capital Markets segment. Consequently, management performed an impairment test for the P&C Banking and Capital Markets CGUs as at October 31, 2025.

The recoverable amount of the CGUs is the greater of the value in use and its fair value less cost of disposal. If the recoverable amount of the CGU is less than its carrying value, an impairment loss is allocated to the other assets of the CGU proportionally based on the carrying amount of each asset. The impairment loss allocated to each asset shall not reduce the carrying amount of assets below its fair value less costs of disposal, its value in use or zero.

Management determined that the carrying amounts of the premises and equipment, software and other intangible assets within both CGUs was equal or less than their fair value less costs of disposal as at October 31, 2025. Therefore, no impairment loss was recorded.

The recoverable amount of the CGUs was estimated using a fair value less costs of disposal approach, using a market approach maximizing the use of relevant observable inputs. The fair value less costs of disposal of premises and equipment, software and other intangible were estimated based on the market, cost or income approach, depending on asset type, and considered the highest and best use of the asset from a market participant's perspective, which might be its current use or some alternative use.

Management considered that these estimates were reasonable and reflected management's best estimates but included inherent uncertainties. Reasonable changes in estimates and assumptions could have significantly impacted the impairment test results.

2024 Impairment test

In April 2024, indicators of potential impairment had been identified for the Bank's P&C Banking segment assets as a result of a sustained lower share price than book value per share and of the recent decline in assets and deposits volume, combined with the Bank's strategic decision to suspend the Advanced Internal-Ratings Based (AIRB) project and to focus on the priorities of its revamped strategic plan. This had led management to perform an impairment test for the P&C Banking CGU as at April 30, 2024.

As a result of the impairment test, the estimated recoverable amount of the P&C Banking CGU was below its carrying amount and the Bank recorded an impairment charge totalling \$155.9 million on the Impairment and restructuring charges line item in the second quarter of 2024, which related to the impairment of goodwill for an amount of \$83.9 million, of software and intangible assets for \$66.2 million and of premises and equipment for \$5.8 million. Refer to Note 27 for further details.

The recoverable amount of the P&C Banking CGU was estimated using a fair value less costs of disposal approach, measured using a present value technique based on the Bank's five-year business plan and projected investments. Forecasted cash flows were discounted at an after-tax rate of 10.3% in April 2024. Management considered that these estimates were reasonable and reflected management's best estimates but included inherent uncertainties. Reasonable changes in estimates and assumptions could have significantly impacted the impairment test results.

Software and other intangible assets

	Software ⁽¹⁾	Other intangible assets	Acquisition related intangible assets ⁽²⁾	Total
Cost				
As at October 31, 2023	\$ 288,301	\$ 220,637	\$ 99,136	\$ 608,074
Additions	33,568	(104)	—	33,464
Disposals ⁽³⁾	(83,675)	—	(74,008)	(157,683)
Impairment	(31,342)	(107,518)	(25,479)	(164,339)
Other	1	—	351	352
As at October 31, 2024	206,853	113,015	—	319,868
Additions	31,275	—	—	31,275
Disposals ⁽³⁾	(14,326)	—	—	(14,326)
Impairment	(2,143)	—	—	(2,143)
Other	1	—	—	1
As at October 31, 2025	\$ 221,660	\$ 113,015	\$ —	\$ 334,675
Accumulated amortization				
As at October 31, 2023	\$ 187,263	\$ 51,214	\$ 86,766	\$ 325,243
Amortization	20,457	9,392	9,786	39,635
Disposals ⁽³⁾	(83,675)	—	(74,008)	(157,683)
Impairment	(22,668)	(23,393)	(23,080)	(69,141)
Other	1	—	536	537
As at October 31, 2024	101,378	37,213	—	138,591
Amortization	22,387	6,732	—	29,119
Disposals ⁽³⁾	(14,326)	—	—	(14,326)
Impairment	(783)	7	—	(776)
Other	12	—	—	12
As at October 31, 2025	\$ 108,668	\$ 43,952	\$ —	\$ 152,620
Carrying amount				
As at October 31, 2024	\$ 105,475	\$ 75,802	\$ —	\$ 181,277
As at October 31, 2025	\$ 112,992	\$ 69,063	\$ —	\$ 182,055

(1) Software includes \$7.6 million pertaining to projects under development yet to be amortized as at October 31, 2025 (\$15.3 million as at October 31, 2024).

(2) Acquisition related intangible assets mainly included contractual relationships with advisors and brokers associated to the Personal Banking segment, as well as with vendor-dealers associated to the Commercial Banking segment.

(3) Includes write-offs of fully depreciated assets.

Impairment

Management periodically reviews the utilization of the Bank's assets, such as its software and other intangible assets.

In 2025, an impairment charge of software and other intangible assets amounting to \$1.2 million was recorded on the Impairment and restructuring charges line item stemming from the Bank's ongoing efforts to streamline its technology infrastructure. Refer to Note 27 for further details.

In 2024, an impairment charge of intangible assets amounting to \$23.3 million was recorded in the second quarter on the Impairment and restructuring charges line item relating to the Bank's strategic decision to suspend the AIRB project. As part of its strategy to simplify its technology infrastructure and improve resiliency, the Bank also reviewed the utilization of its software and other intangible assets and recorded \$5.7 million of additional impairment charges related to software and licenses being decommissioned in the fourth quarter of 2024. Refer to Note 27 for further details.

In addition, an impairment of software and other intangible assets amounting to \$66.2 million was recorded on the Impairment and restructuring charges line item in 2024 related to the Personal and Commercial Banking segment's impairment; refer to the Goodwill section above for further details.

10. OTHER ASSETS⁽¹⁾

	2025	2024
Prepaid expenses and other	\$ 202,044	\$ 215,006
Accrued interest receivable	170,393	166,945
Current tax assets	39,671	39,184
Cheques and other items in transit	38,498	17,408
Defined benefit plan assets (Note 17)	28,225	28,459
Accounts receivable	19,080	31,786
Assets under operating leases	7,970	2,838
	\$ 505,881	\$ 501,626

(1) Comparative figures have been reclassified to conform to the current year presentation.

11. DEPOSITS

	2025			
	Demand ⁽¹⁾	Notice ⁽²⁾	Term ⁽³⁾	Total
Personal	\$ 115,274	\$ 5,101,703	\$ 15,989,714	\$ 21,206,691
Business, banks and other ⁽⁴⁾	891,800	236,284	1,663,819	2,791,903
	\$ 1,007,074	\$ 5,337,987	\$ 17,653,533	\$ 23,998,594
	2024			
	Demand ⁽¹⁾	Notice ⁽²⁾	Term ⁽³⁾	Total
Personal	\$ 114,158	\$ 5,616,926	\$ 13,982,793	\$ 19,713,877
Business, banks and other ⁽⁴⁾	1,020,708	192,249	2,237,120	3,450,077
	\$ 1,134,866	\$ 5,809,175	\$ 16,219,913	\$ 23,163,954

(1) Demand deposits, primarily chequing accounts, consist of deposits in respect of which the Bank is not authorized to require notice prior to withdrawal by customers.

(2) Notice deposits, primarily savings accounts, consist of deposits in respect of which the Bank may legally require a withdrawal notice.

(3) Term deposits include deposits maturing at a specific date, particularly term deposits and guaranteed investment certificates, as well as senior unsecured notes and covered bonds.

(4) Subsequent to October 31, 2025, the Bank entered into a credit facility agreement totaling \$300 million secured by residential mortgage loans. The facility enhances the Bank's liquidity position and supports its funding strategy.

12. OTHER LIABILITIES

	2025	2024
Accrued interest payable	\$ 680,139	\$ 609,865
Accounts payable and accrued expenses	498,930	461,200
Lease liabilities (Note 26)	105,812	113,922
Cheques and other items in transit	32,434	28,720
Credit card loyalty points programs liability	19,654	20,883
Current tax liabilities	17,108	18,618
Defined benefit plan liabilities (Note 17)	14,403	14,762
	\$ 1,368,480	\$ 1,267,970

13. DEBT RELATED TO SECURITIZATION ACTIVITIES

	2025	2024
Debt related to CMB and NHA MBS transactions	\$ 12,748,984	\$ 11,994,020
Debt related to other securitization activities	1,303,716	1,502,437
	\$ 14,052,700	\$ 13,496,457

Refer to Note 7 for further details about securitization and structured entities.

14. SUBORDINATED DEBT

Maturity	Interest rate	Earliest par value redemption date	2025		2024
			Carrying amount		Carrying amount
June 2032 ⁽¹⁾	5.10% ⁽²⁾	June 15, 2027 ⁽³⁾	\$ 331,442	\$	327,712
Unamortized issuance costs			(539)		(919)
			\$ 330,903	\$	326,793

(1) On March 25, 2022, the Bank issued \$350.0 million of notes (Non-Viability Contingent Capital (NVCC)) [subordinated indebtedness] (the "Notes"). The Notes include NVCC provisions, necessary for the Notes to qualify as Tier 2 regulatory capital under Basel III. NVCC provisions require the conversion of the instrument into a variable number of common shares upon the occurrence of a non-viability trigger event. The amount presented above is net of the Bank's own holdings in these notes.

(2) The Notes bear interest at a fixed rate of 5.095% per annum (paid semi-annually) until June 15, 2027, and, thereafter, at the three-month CDOR plus 2.42% per annum (paid quarterly) until maturity on June 15, 2032.

(3) The Bank may, at its option, with the prior approval of OSFI, redeem the Notes on not less than 30 days' and not more than 60 days' prior notice to the registered holders of the Notes (i) in whole or in part, at any time on or after June 15, 2027, and (ii) in whole but not in part, prior to June 15, 2027, on or following a regulatory event date or a tax event date, in each case, at a redemption price equal to par, together with accrued and unpaid interest to, but excluding, the date fixed for redemption.

15. SHARE CAPITAL

Authorized share capital

Preferred shares – Unlimited number of Class A Preferred Shares, without par value, issuable in series.

Common shares – Unlimited number of common shares, without par value.

Shares and other equity instruments – issued and outstanding⁽¹⁾

	2025		2024	
	Number of shares	Amount ⁽²⁾	Number of shares	Amount ⁽²⁾
Common shares				
Outstanding at beginning of period	44,005,566	\$ 1,187,107	43,646,538	\$ 1,177,827
Issuance under the Shareholder Dividend Reinvestment and Share Purchase Plan	337,873	9,571	359,028	9,280
Issuance under the employee share purchase option plan	240,246	9,129	—	—
Outstanding at the end of period – common shares	44,583,685	\$ 1,205,807	44,005,566	\$ 1,187,107
Preferred shares and other equity instruments				
<i>Non-Cumulative Class A Preferred Shares</i>				
Series 13 ⁽³⁾				
Outstanding at beginning and end of period	5,000,000	\$ 122,071	5,000,000	\$ 122,071
<i>Limited Recourse Capital Notes (LCRN)</i>				
Series 1 ⁽³⁾				
Outstanding at beginning of period	n/a	\$ 123,483	n/a	\$ 123,487
Net sale (purchase) of treasury limited recourse capital notes ⁽⁴⁾	n/a	128	n/a	(4)
Outstanding at the end of period	n/a	\$ 123,611	n/a	\$ 123,483
Outstanding at the end of period – preferred shares and other equity instruments	n/a	\$ 245,682	n/a	\$ 245,554

(1) Certain comparative figures have been reclassified to conform to the current year presentation.

(2) Incremental costs directly attributable to the issuance of preferred shares and other equity instruments are recorded in equity as a deduction from the proceeds, net of applicable income taxes.

(3) The preferred shares and LRCN include Non-Viability Contingent Capital (NVCC) provisions, necessary for the shares to qualify as Tier 1 regulatory capital under Basel III. NVCC provisions require the conversion of the instrument into a variable number of common shares upon the occurrence of a non-viability trigger event.

(4) When the Bank sells (purchases) its own equity instruments as part of its trading business, they are classified as treasury instruments and the cost of these instruments is recorded as an increase (a reduction) in equity.

Preferred shares and other equity instruments – Significant terms and conditions

	2025				
	Redemption and conversion date in effect as of ⁽¹⁾⁽²⁾	Redemption price per share (\$) ⁽¹⁾	Convertible into preferred shares ⁽²⁾	Dividend per share (\$) ⁽³⁾	Reset premium
Non-Cumulative Class A Preferred Shares issued and outstanding Series 13 ⁽⁴⁾	June 14, 2029 ⁽⁵⁾⁽⁶⁾	25.00 ⁽⁸⁾	Series 14	0.38725 ⁽⁷⁾	2.55 %
Non-Cumulative Class A Preferred Shares authorized but not issued Series 14 ⁽⁴⁾	June 14, 2029 ⁽⁵⁾	25.00 ⁽⁸⁾	Series 13	Floating rate ⁽⁹⁾	2.55 %

(1) Redeemable in cash at the Bank's option, subject to the provisions of the *Bank Act* and to the prior consent of OSFI. Redemption prices are increased by all the declared and unpaid dividends on the preferred shares to the date fixed for redemption.

(2) Convertible at the option of the holders of preferred shares, subject to the automatic conversion provisions and the right of the Bank to redeem those shares.

(3) Fixed non-cumulative preferential cash dividends payable quarterly, as and when declared by the Board of Directors.

(4) The preferred shares include NVCC provisions, necessary for the shares to qualify as Tier 1 regulatory capital under Basel III. NVCC provisions require the conversion of the instrument into a variable number of common shares upon the occurrence of a non-viability trigger event.

(5) Redeemable as of the date fixed for redemption and on the same date every five years thereafter.

(6) Convertible as of the date fixed for conversion and on the same date every five years thereafter, subject to certain conditions.

(7) The dividend amount is set for the initial period ending on the date fixed for redemption. Thereafter, these shares carry a non-cumulative quarterly fixed dividend in an amount per share determined by multiplying the rate of interest equal to the sum of the 5-year Government of Canada bond yield on the applicable fixed-rate calculation date by \$25.00, plus the reset premium.

(8) As of the date fixed for redemption, the redemption price will be \$25.00 per share. Thereafter, on the same date every five years, the redemption price will be \$25.00 per share.

(9) The dividend period begins as of the date fixed for redemption. The amount of the floating quarterly non-cumulative dividend is determined by multiplying the rate of interest equal to the sum of the 90-day Government of Canada treasury bill yield on the floating rate calculation date by \$25.00, plus the reset premium.

Limited Recourse Capital Notes (LRCN)

	2025				
	Maturity	Interest rate	Earliest par value redemption date ⁽¹⁾⁽²⁾	Redemption price per note (\$) ⁽¹⁾	Reset premium
Limited Recourse Capital Notes Series 1 ^{(3), (4)}	June 15, 2081	5.30 %	May 15, 2026	\$ 1,000	4.33 %

(1) Redeemable in cash at the Bank's option, only upon the redemption by the Bank of the Preferred Shares Series 17 held in the Limited Recourse Trust in accordance with the terms of such Preferred Shares Series 17, and subject to the provisions of the *Bank Act* and to the prior consent of OSFI.

(2) Redeemable as of the date fixed for redemption during the period from May 15 to and including June 15 and on the same dates every five years thereafter.

(3) The LRCNs include NVCC provisions, necessary for the shares to qualify as Tier 1 regulatory capital under Basel III. NVCC provisions require the conversion of the instrument into a variable number of common shares upon the occurrence of a non-viability trigger event.

(4) Recourse is limited to assets held by a third-party trustee in a bare trust. The trust assets in respect of LRCN Series 1 consist of \$125.0 million of the Bank's Preferred Shares Series 17 issued concurrently with LRCN Series 1.

Dividends and other

	2025				2024	
	Dividends declared per share	Total amount	Dividends declared per share	Total amount		
Dividends on preferred shares and distributions on other equity instruments						
Preferred Shares Series 13	\$ 1.55	\$ 7,745	\$ 1.16	\$ 5,801		
Limited Recourse Capital Notes, Series 1	n/a	6,625	n/a	6,625		
		\$ 14,370		\$ 12,426		
Common shares dividends	\$ 1.88	\$ 83,150	\$ 1.88	\$ 82,314		

On November 12, 2025, the Board of Directors declared a dividend of \$0.38725 per Preferred Share Series 13, payable on December 15, 2025 (the "Payment Date"), to shareholders of record on December 8, 2025. On December 4, 2025, the Board of Directors declared a dividend of \$0.47 per common share, payable on February 1, 2026 (the "Payment Date"), that will be paid out on February 2, 2026, the first business day following the Payment Date, to shareholders of record on January 5, 2026.

Shareholder dividend reinvestment and share purchase plan

The Bank determined that as of December 4, 2025, reinvestment related to the dividend declared would be made in common shares issued from Corporate Treasury with no discount.

Capital management

Management seeks to maintain an adequate level of capital that considers the Bank's targeted capital ratios and internal assessment of required capital that is aligned with the Bank's risk appetite, strategic plan and shareholders' expectations. In order to achieve these objectives, the Bank leverages its capital management framework.

The Board of Directors, on the recommendation of the Risk Management Committee, approves annually several capital-related documents, including the Capital Management and Adequacy Policy, the Internal Capital Adequacy Assessment Process, the Stress Testing Program, as well as the Capital Plan. It further reviews capital adequacy on a quarterly basis.

Regulatory capital

OSFI requires banks to meet minimum risk-based capital ratios drawn on the Basel Committee on Banking Supervision (BCBS) capital framework, commonly referred to as the Basel III Accord. Under OSFI's Capital Adequacy Requirements guideline, the Bank must maintain minimum levels of capital depending on various criteria. Tier 1 capital, the most permanent and subordinated forms of capital, consists of two components: Common Equity Tier 1 capital and Additional Tier 1 capital. Tier 1 capital is predominantly composed of common equity to ensure that risk exposures are backed by a high-quality capital base. Tier 2 capital consists of supplementary capital instruments and contributes to the overall strength of a financial institution as a going concern. Under OSFI's guideline, minimum Common Equity Tier 1, Tier 1 and Total capital ratios are set at 7.0%, 8.5% and 10.5% respectively including a 2.5% capital conservation buffer.

Under OSFI's Leverage Requirements Guideline, federally regulated deposit-taking institutions are expected to maintain a Basel III leverage ratio that always meets or exceeds 3%. The leverage ratio is defined as the Tier 1 capital divided by unweighted on-balance sheet assets and off-balance sheet commitments, derivatives and securities financing transactions, as defined within the requirements.

The Bank has complied with regulatory capital and leverage requirements throughout the year ended October 31, 2025. Regulatory capital is detailed below.

	2025	2024
Regulatory capital		
Common Equity Tier 1 capital	\$ 2,329,779	\$ 2,281,886
Tier 1 capital	\$ 2,575,461	\$ 2,527,440
Total capital	\$ 3,019,246	\$ 2,988,733
Total risk-weighted assets ⁽¹⁾	\$ 20,700,183	\$ 20,862,290
Regulatory capital ratios		
Common Equity Tier 1 capital ratio	11.3 %	10.9 %
Tier 1 capital ratio	12.4 %	12.1 %
Total capital ratio	14.6 %	14.3 %

(1) Using the Standardized approach in determining credit risk and operational risk.

16. SHARE-BASED COMPENSATION

Share purchase option plans

Old Stock Option Purchase Plan

The Old Stock Option Purchase Plan was offered to members of the Bank's senior management. Under this plan, the exercise price of options for the purchase of common shares must not be less than the market prices of such shares immediately prior to the grant date. The right to exercise the options vests gradually on each anniversary of the grant date (25% each year) and the options may be exercised at any time up to ten years after they have been granted. The Bank reserved 1,600,000 common shares for the potential exercise of options under this plan, of which 97,064 were still available as at October 31, 2025 (85,052 as at October 31, 2024).

Information relating to outstanding number of options under the Old Stock Option Purchase Plan is as follows.

	2025		2024	
	Number of options	Exercise price	Number of options	Exercise price
Outstanding at beginning of year	12,012	\$ 38.97	43,785	\$ 38.97
Expired	(12,012)	38.97	(31,773)	38.97
Exercised	—	—	—	—
Outstanding at end of year	—	\$ —	12,012	\$ 38.97
Exercisable at end of year	—	n/a	—	n/a

New Stock Option Plan

In 2019, the Bank established the New Stock Option Plan. The terms and conditions of the New Stock Option Plan govern the stock options granted by the Board of Directors described thereafter.

Officers, senior executives and other employees of the Bank or its subsidiaries are eligible participants in the New Stock Option Plan. Under this plan, the exercise price of options for the purchase of common shares cannot be below the market value of the Bank's share at the grant date. Stock options granted will vest 50% after three years and 50% after four years and the options may be exercised after vesting at any time up to ten years after they have been granted. The Bank reserved 3,401,000 common shares under this plan, of which 1,691,531 were still available as at October 31, 2025 (1,802,151 were still available as at October 31, 2024).

Information relating to outstanding number of options under the New Stock Option Plan is as follows.

	2025		2024	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding at beginning of year	1,566,268	\$ 34.20	1,279,128	\$ 37.00
Granted	410,367	30.18	434,710	25.86
Forfeited	(188,463)	29.50	(122,423)	32.67
Exercised	(240,246)	33.13	—	—
Expired	(111,284)	38.58	(25,147)	39.55
Outstanding at end of year	1,436,642	\$ 33.51	1,566,268	\$ 34.20
Exercisable at end of year	119,504	\$ 33.13	—	n/a

Information relating to exercise prices under the New Stock Option Plan is as follows.

Exercise price	2025	
	Number of options outstanding	Weighted-average remaining contractual life (years)
\$25.86	299,275	7.5
\$30.18	395,367	9.1
\$32.99	134,132	6.4
\$33.13	119,504	2.8
\$38.97	152,685	1.4
\$40.26	153,853	3.8
\$43.68	181,826	1.6
	1,436,642	5.7

Fair value and assumptions related to the stock options valuations

The weighted-average fair value of options granted in fiscal 2025 and 2024 was estimated on the award date using the Black-Scholes model as well as the following assumptions.

	2025 grant	2024 grant
Weighted-average fair value of options granted	\$ 4.77	\$ 4.34
Share price at grant date	\$ 30.18	\$ 25.86
Risk-free interest rate	2.82 %	3.18 %
Expected life of options	8 years	8 years
Expected volatility ⁽¹⁾	22.0 %	22.5 %
Expected dividend yield	5.70 %	5.70 %

(1) Expected volatility is extrapolated from the implied volatility of the Bank's share price and observable market inputs, which are not necessarily representation of actual results.

Employee share purchase plan

The Bank offers an employee share purchase plan. Under this plan, employees who meet the eligibility criteria can contribute up to 20% of their annual gross salary. The Bank matches 30% of the employee contribution amount, up to a maximum of \$1,500 per year. The Bank's contributions, totalling \$1.0 million in 2025 (\$1.0 million in 2024), are recognized in salaries and employee benefits.

Share unit plans

The Bank offers a performance-based share unit (PSU) plan. All rights to the PSUs granted before 2023 vest after three years with no guaranteed minimum vesting. For the PSUs granted since 2023, all rights to the PSUs vest after three years with guaranteed minimum vesting at 50% of target. The number of units vesting varies between 0% and 150% of the number of units granted and will be based on the three-year Bank's total shareholder return (TSR) relative to the average TSR of the TSX Capped Financials Index, which includes peers from Canadian companies in the financial services sectors, and on a three-year adjusted return on equity measure relative to targets set as part of strategic planning. During the three-year vesting period, dividend equivalents accrue to the participants in the form of additional share units. All PSUs are cash settled at fair value at the maturity date. A deferred version of the plan exists under which the participant is paid on termination of employment rather than at the end of the three-year vesting period.

The Bank offers a restricted share unit (RSU) plan to certain executives and other employees. Rights to the RSUs generally vest ratably over a three-year period or at the end of the three-year period following their award. In addition, executives can voluntarily defer part or all of their annual bonus into fully vested RSUs payable at a rate of one third per year. Certain employees of the Capital Markets segment are also required to defer a portion of their annual bonus into fully vested RSUs payable at a rate of one third per year if the annual bonus exceeds a certain amount. All RSUs are cash settled at fair value at the maturity dates. A deferred version of the plan exists under which the participant is paid on termination of employment rather than at the maturity dates. During the vesting period, dividend equivalents accrue to the participants in the form of additional share units.

The Bank offers a deferred share unit plan to non-employee directors of the Bank. Under this plan, each non-employee director may choose to receive all or a percentage of his or her remuneration in the form of deferred share units which can be settled in cash or common shares. The deferred share units are converted when the holder steps down from the Board of Directors.

Units granted under share unit plans

	2025		2024	
	Units granted during the year	Weighted average fair value per unit	Units granted during the year	Weighted average fair value per unit
Performance-based share unit plan	163,524	\$ 29.72	176,837	\$ 25.91
Restricted share unit plan	198,167	29.69	323,833	25.98
Deferred share unit plan	73,284	28.07	66,954	26.03
	434,975	\$ 29.43	567,624	\$ 25.96

Number of units outstanding under performance-based share and other plans

	2025	2024
Performance-based share unit plan	615,327	589,467
Restricted share unit plan	832,138	881,870
Deferred share unit plan	226,838	180,231
	1,674,303	1,651,568

The carrying amount of the liability relating to the cash-settled plans was \$46.8 million as at October 31, 2025 (\$35.1 million as at October 31, 2024). The intrinsic value of the total liability related to fully vested rights and units was \$16.6 million as at October 31, 2025 (\$12.8 million as at October 31, 2024).

Share-based compensation plans' expense

The following table shows the expense related to share-based compensation plans, net of the effect of related hedging transactions.

	2025	2024
Expense arising from cash-settled share-based compensation transactions	\$ 23,239	\$ 15,381
Effect of hedges	(10,854)	(83)
	\$ 12,385	\$ 15,298

To reduce volatility in the share-based compensation plans' expense, the Bank enters into total return swap contracts with third parties, the value of which is linked to the Bank's share price. Changes in fair value of these derivative instruments partially offset the share-based compensation plans' expense related to the share price variations over the period in which the swaps are in effect. Refer to Note 24 for further details regarding the hedge of the share-based compensation plan using total return swap contracts.

17. POST-EMPLOYMENT BENEFITS

Description of benefit plans

Pension plans

The Bank has a number of defined benefit pension plans, which in certain cases include a defined contribution portion, as well as defined contribution pension plans. The plans provide pension benefits to most of the Bank's employees. The defined benefit pension plans are based on years of service and final average salary at retirement time.

Pension plans are registered with OSFI and are subject to the federal *Pension Benefits Standards Act, 1985*. The Bank's Human Resources and Corporate Governance Committee of the Board has the responsibility to ensure that management implements appropriate internal oversight systems with a view to adequately manage pension plans in accordance with the laws and regulations in effect.

Other group plans

The Bank offers other post-employment benefits to its employees such as a salary continuance plan during maternity leave and the payment of group insurance plan premiums during a disability period or maternity leave. In addition, certain retired employees have other retirement benefits, including health and life insurance.

Risks associated with pension plans

Pension plans expose the Bank to a broad range of risks. These risks are managed with the objective of meeting pension benefit obligations, while maintaining a reasonable risk profile for the Bank. The pension obligation is mainly subject to demographic and economic risks such as longevity improvements and salary inflation. In addition, the obligation is impacted by the discount rate. Pension plan assets are subject to market risks and more precisely to equity value, long-term interest rates and credit spreads. To reduce risks associated with the pension obligation, the Bank monitors and adjusts its plan benefits with the objective of optimizing the overall employee benefits. Defined benefit pension plan assets are invested in order to meet pension obligations. To manage the predominant interest rate risk, the Bank has adopted a liability-driven investment policy for the assets invested in debt securities. This approach provides some control over the plans' financial position by investing in assets that are correlated with liabilities and that allow a reduction in volatility. Other plans' assets are invested in various asset classes, such as common shares, emerging market equities, high-yield fixed income securities, private equity or debt investments, as well as other alternative investments to improve potential returns.

Factors taken into consideration in developing the asset allocation include but are not limited to the following:

- i. the nature of the underlying benefit obligations, including the duration and term profile of the liabilities;
- ii. the member demographics, including normal retirement age, terminations, and mortality;
- iii. the financial position of the pension plans; and
- iv. the diversification benefits obtained by the inclusion of multiple asset classes.

Funding requirements

The Bank's defined benefit pension plans are mainly funded by contributions from the Bank and are determined based on the financial position and the funding policy of the plan. Certain officers may also elect to participate in a component of their plan through optional contributions to enhance benefits. The Bank's contributions must be sufficient to cover the value of the obligations that currently accrue in the plan, including fees paid by the plan, as well as special contributions required to amortize any deficit. The Bank assumes all the risks and costs related to the defined benefit pension plans, including any deficit.

Funding for defined contribution pension plans and other post-employment benefits are provided by both the Bank and the participating employees of the plans.

Defined benefit plan measurement dates

The Bank measures its defined benefit obligations and the fair value of plan assets for accounting purposes as at October 31 of each year. The most recent actuarial valuations were performed as at December 31, 2024 for all pension plans. The next required actuarial valuation for funding purposes will be as at December 31, 2025 for all funded plans.

Defined benefit plan obligations

Changes in the present value of the defined benefit obligation are as follows.

	2025		2024	
	Pension plans	Other plans	Pension plans	Other plans
Change in defined benefit obligation				
Defined benefit obligation at beginning of year	\$ 188,191	\$ 14,522	\$ 165,288	\$ 16,645
Current service cost	3,684	—	3,610	—
Past service cost ⁽¹⁾	120	—	—	—
Interest expense	8,920	636	9,055	799
Benefits paid	(10,256)	(931)	(7,531)	(941)
Employee contributions	173	—	173	—
Actuarial losses (gains) arising from changes in economic assumptions	(1,171)	(49)	18,858	(1,981)
Actuarial losses (gains) arising from plan experience	(451)	—	(1,262)	—
Defined benefit obligation at end of year	\$ 189,210	\$ 14,178	\$ 188,191	\$ 14,522

(1) Representing a \$0.1 million charge in 2025 related to the pension plan of former member of senior management.

Defined benefit pension plan assets

Changes in fair value of pension plan assets are as follows.

	2025	2024
Change in fair value of pension plan assets		
Fair value of plan assets at beginning of year	\$ 216,410	\$ 193,221
Interest income (at prescribed rate)	10,099	10,437
Actuarial gains (losses) arising from the difference between the actual return on plan assets and interest income	(556)	19,732
Administration costs (other than costs of managing plan assets)	(1,456)	(1,362)
Bank contributions	2,796	1,740
Employee contributions	173	173
Benefits paid	(10,256)	(7,531)
Fair value of plan assets at end of year	\$ 217,210	\$ 216,410

Reconciliation of the funded status of the benefit plans to the amounts recorded in the Consolidated Financial Statements

	2025		2024	
	Pension plans	Other plans	Pension plans	Other plans
Fair value of plan assets	\$ 217,210	\$ —	\$ 216,410	\$ —
Defined benefit obligation	189,210	14,178	188,191	14,522
Funded status – plan surplus (deficit)	\$ 28,000	\$ (14,178)	\$ 28,219	\$ (14,522)
Recorded in the balance sheet as				
Defined benefit plan assets, included in other assets	\$ 28,225	\$ —	\$ 28,459	\$ —
Defined benefit plan liabilities, included in other liabilities	\$ 225	\$ 14,178	\$ 240	\$ 14,522

Defined benefit plan costs (gains) recognized during the year

	2025		2024	
	Pension plans	Other plans	Pension plans	Other plans
Amounts recognized in net income				
Current service cost	\$ 3,684	\$ —	\$ 3,610	\$ —
Past service cost ⁽¹⁾	120	—	—	—
Administration costs (other than costs of managing plan assets)	1,456	—	1,362	—
Interest expense	8,920	636	9,055	799
Interest income (at prescribed rate)	(10,099)	—	(10,437)	—
Gain on short-term employee benefits	—	(1)	—	(1,063)
	4,081	635	3,590	(264)
Amounts recognized in other comprehensive income				
Actuarial losses (gains) on defined benefit obligation	(1,622)	(48)	17,596	(918)
Actuarial losses (gains) on plan assets	556	—	(19,732)	—
	(1,066)	(48)	(2,136)	(918)
Total defined benefit cost (gain)	\$ 3,015	\$ 587	\$ 1,454	\$ (1,182)

(1) Representing a \$0.1 million charge in 2025 related to the pension plan of former member of senior management.

The Bank expects to contribute \$3.1 million to its defined benefit pension plans for the year ending October 31, 2025.

Asset allocation of defined benefit pension plans

	2025	2024
Asset category		
Cash and non-interest bearing deposits with banks ⁽¹⁾	\$ 2,028	\$ 617
Equity funds		
Canada	20,400	21,237
United States	6,634	6,206
Other	19,836	19,705
Debt securities		
Canadian governments and other public administrations	25,832	28,635
Corporate and other	92,335	92,299
Other ⁽²⁾	53,895	47,711
	\$ 220,960	\$ 216,410

(1) Cash and non-interest bearing deposits with banks mainly consist of Canada and U.S. treasury bills.

(2) Other assets are mainly composed of investments in real estate, agricultural businesses and infrastructure.

As at October 31, 2025 and 2024, equity funds included no equity securities of the Bank and none of the plan assets were quoted in active markets.

Significant assumptions for pension plans and other plans

	2025	2024
Weighted average of assumptions to determine benefit obligation		
Discount rate at end of year	4.78 %	4.74 %
Rate of compensation increase	2.75 %	2.75 %
Weighted average of assumptions to determine benefit expense		
Discount rate - Current service	4.82 %	5.52 %
Discount rate - Interest expenses (income), net	4.74 %	5.54 %
Rate of compensation increase	2.75 %	2.75 %

For 2025, the weighted-average financial duration of the pension plans was approximately 13.9 years (14.2 years for 2024). The weighted-average financial durations of the other group plans were approximately 3.8 years for the post-employment benefits (3.9 years for 2024) and 8.2 years for the other retirement benefits (8.2 years for 2024).

To better reflect current service cost, a separate discount rate was determined to account for the timing of future benefit payments associated with the additional year of service to be earned by the plan's active participants. Since these benefits are, on average, being paid at a later date than the benefits already earned by participants, this method results in the use of a higher discount rate for calculating current service cost than that used to measure obligations where the yield curve is positively sloped.

Assumed health care cost trend rates

	2025	2024
Assumed annual rate of increase in the cost of health care benefits	5.12 %	5.12 %
Level to which it should decline and at which it is assumed to subsequently stabilize	3.57 %	3.57 %
Year that the rate is assumed to stabilize	2044	2044

Sensitivity analysis

Due to the long-term nature of post-employment benefits, there are significant uncertainties related to the recognition of balances surrounding the assumptions used.

Discount rates could have a significant impact on the defined benefit plan assets (liabilities), as well as, depending on the funding status of the plan, on pension plan and other post-employment benefit expenses. The following table presents the impact that a 0.25% change in this key assumption would have had on the defined benefit obligation and cost for the year ended October 31, 2025.

	Impact of a 0.25% change to the discount rate on ⁽¹⁾	
	Obligation	Expense
Pension plans	\$ 6,648	\$ 694
Other plans	\$ 252	\$ [21]

(1) The sensitivity analysis presented in this table should be used with caution, as it is hypothetical and the impact of changes in assumptions may not be linear.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The following table presents the impact that a 1% change in this key assumption would have had on the defined benefit obligation and expense for the year ended October 31, 2025, with all other assumptions remaining constant.

	Obligation	Expense
Impact of a :		
1% increase in assumed health care cost trend rates	\$ 429	\$ 20
1% decrease in assumed health care cost trend rates	\$ [395]	\$ [18]

Expense for post-employment benefits

The total expense recognized for post-employment benefit plans was as follows:

	2025	2024
Defined contribution pension plans	\$ 10,737	\$ 10,764
Defined benefit pension plans	4,081	3,590
Other plans	635	[264]
	\$ 15,453	\$ 14,090

18. INCOME TAXES

Deferred income taxes

Significant components of the Bank's deferred income tax assets and liabilities are as follows.

	2025	2024
Deferred income tax assets		
Tax losses	\$ 90,449	\$ 109,399
Allowances for loan losses	40,393	44,815
Lease liabilities	28,579	30,863
Amount related to share-based payments	12,164	9,025
Deferred revenues	12,032	10,268
Provisions	8,861	7,524
Premises and equipment	5,761	6,623
Accruals	4,848	4,146
Software	3,475	1,022
Other temporary differences	4,266	4,963
	210,828	228,648
Deferred income tax liabilities		
Leases	75,391	74,647
Derivatives	23,324	27,569
Right-of-use assets	11,905	11,574
Deferred charges	11,743	12,506
Defined benefit plan liabilities	3,660	3,626
Other temporary differences	2,095	2,343
	128,118	132,265
Deferred income taxes, net	\$ 82,710	\$ 96,383

As at October 31, 2025, the unused non-capital losses will expire between 2040 and 2045.

As at October 31, 2025, unused capital tax losses of \$139.6 million (\$29.1 million as at October 31, 2024) available to offset future capital gains were not recognized as deferred tax assets. The unused capital tax losses can be carried forward indefinitely.

As at October 31, 2025, the total amount of temporary differences associated with investments in foreign subsidiaries for which deferred tax liabilities have not been recognized was \$489.4 million (\$422.1 million as at October 31, 2024).

Net deferred income taxes reported in the Consolidated Balance Sheet are as follows.

	2025	2024
Deferred income tax assets	\$ 149,656	\$ 157,844
Deferred income tax liabilities	66,946	61,461
Deferred income taxes, net	\$ 82,710	\$ 96,383

The components of deferred income tax expense (recovery) recorded in the Consolidated Statement of Income are as follows.

	2025	2024
Deferred income tax expense (recovery)		
Tax losses	\$ 4,657	\$ (42,179)
Allowances for loan losses	4,484	3,580
Lease liabilities	2,305	2,472
Premises and equipment	862	(1,622)
Leases	744	(969)
Other intangible assets	674	(31,739)
Right-of-use assets	312	(6,492)
Derivatives	(6,410)	13,220
Amount related to share-based payments	(3,139)	(774)
Software	(2,453)	(4,904)
Deferred charges	(763)	(1,511)
Other temporary differences	(4,692)	(3,350)
	\$ (3,419)	\$ (74,268)

Income tax expense

The significant components of the income tax expense (recovery) recorded in the Consolidated Statement of Income for the years ended October 31, 2025 and 2024 are as follows.

	2025	2024
Current income taxes		
Income tax expense for the year excluding Pillar Two Taxes	\$ 33,096	\$ 60,809
Income tax expense relating to Pillar Two Taxes ⁽¹⁾	3,620	n/a
Previous years income tax recovery adjustment	(624)	(3,257)
	36,092	57,552
Deferred income taxes		
Origination and reversal of temporary differences	(2,567)	(76,633)
Previous years income tax expense (recovery) adjustment	(852)	2,365
	(3,419)	(74,268)
	\$ 32,673	\$ (16,716)

(1) The current tax expense related to Pillar Two income taxes for 2025 is disclosed separately in accordance with IAS 12. Pillar Two legislation was not effective for the Bank in the prior year.

The significant components of the income tax expense (recovery) recorded in the Consolidated Statement of Comprehensive Income for the years ended October 31, 2025 and 2024 are as follows.

	2025	2024
Items that may subsequently be reclassified to the Statement of Income		
Income tax expense related to unrealized net gains on debt securities at FVOCI	\$ 621	\$ 295
Income tax recovery related to reclassification of net gains on debt securities at FVOCI to net income	(195)	(10)
	426	285
Income tax expense related to net gains on hedges of investments in foreign operations	14,294	—
Income tax expense related to net change in value of derivatives designated as cash flow hedges	2,165	22,478
	16,885	22,763
Items that may not subsequently be reclassified to the Statement of Income		
Income tax expense related to remeasurement gains on employee benefit plans	295	808
Income tax expense (recovery) related to net gains (losses) on equity securities designated at FVOCI	461	(60)
	\$ 17,641	\$ 23,511
Composition of income taxes		
Current income tax expense	\$ 426	\$ 285
Deferred income tax expense	17,215	23,226
	\$ 17,641	\$ 23,511

The significant components of the income tax expense (recovery) recorded in the Consolidated Statement of Changes in Shareholders' Equity for the years ended October 31, 2025 and 2024 are as follows.

	2025	2024
Income taxes on issuance of equity instruments		
Current income tax recovery	\$ (2)	\$ (2)
Deferred income tax recovery	(10)	(10)
	(12)	(12)
Income taxes on other items		
Deferred income tax expense (recovery) on other items	(113)	1,410
	\$ (125)	\$ 1,398

Reconciliation with the statutory rate

The reconciliation of the income tax expense (recovery) reported in the Consolidated Statement of Income to the dollar amount of income taxes using the statutory rates is as follows.

	2025		2024	
	Amount	Rate	Amount	Rate
Income taxes at statutory rates	\$ 45,179	26.2 %	\$ (6,142)	27.6 %
Change resulting from:				
Lower taxation related to income from foreign operations	(11,844)	(6.9)	(17,068)	76.8
Non-deductible portion of capital losses (Non-taxable portion of capital gains)	1,542	0.9	(1,780)	8.0
Impairment of goodwill	—	—	10,251	(46.2)
Other, net	(2,204)	(1.3)	(1,977)	9.0
Income taxes as reported in the Consolidated Statement of Income	\$ 32,673	18.9 %	\$ (16,716)	75.2 %

19. EARNINGS PER SHARE

	2025	2024
Earnings (loss) per share – basic⁽¹⁾		
Net income (loss)	\$ 139,874	\$ (5,499)
Dividends on preferred shares and distributions on other equity instruments	14,370	12,426
Net income (loss) attributable to common shareholders	\$ 125,504	\$ (17,925)
Weighted-average number of outstanding common shares (in thousands)	44,225	43,813
Earnings (loss) per share – basic ⁽²⁾	\$ 2.84	\$ (0.41)
Earnings (loss) per share – diluted⁽¹⁾		
Net income (loss) attributable to common shareholders	\$ 125,504	\$ (17,925)
Weighted-average number of outstanding common shares (in thousands)	44,225	43,813
Dilutive share purchase options (in thousands)	42	10
Diluted weighted-average number of outstanding common shares (in thousands)	44,267	43,823
Earnings (loss) per share – diluted ⁽²⁾	\$ 2.84	\$ (0.41)

(1) There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these Consolidated Financial Statements which would require the restatement of earnings per share.

(2) The sum of the quarterly earnings per share may not be equal to the cumulative earnings per share due to rounding.

20. RELATED PARTY TRANSACTIONS

Related parties of the Bank include:

- key management personnel and their close family members;
- entities which are controlled, jointly controlled or significantly influenced, or for which significant voting power is held, by key management personnel or their close family members; and
- post-employment benefit plans for Bank employees.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, being members of the Executive Committee or Board of Directors.

Loans and deposits with related parties

Loans to key management personnel are granted under market conditions for similar risks and are initially measured at fair value. Loans to key management personnel consist mostly of term residential mortgage loans, as well as personal loans, at market rates less a discount based on the type and amount of the loan. These loans to key management personnel were negligible as at October 31, 2025 and 2024.

In the normal course of business, the Bank also provides usual banking services to key management personnel and their related entities, including bank accounts (deposits) under terms similar to those offered to arm's length parties. These deposits were negligible as at October 31, 2025 and 2024.

Compensation of key management personnel

The following table shows the total compensation of key management personnel.

	2025	2024
Short-term employee benefits, including salaries	\$ 6,175	\$ 8,340
Share-based compensation	5,019	5,653
Termination and post-employment benefits	570	4,742
	\$ 11,764	\$ 18,735

21. FINANCIAL INSTRUMENTS – FAIR VALUE

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Note 3 details the accounting treatment for each measurement category of financial instruments, as well as the estimates and judgment used in measuring the fair value of financial instruments.

Classification of fair value measurement in the fair value hierarchy

Fair value measurements are categorized into levels within a fair value hierarchy based on the valuation inputs used. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Bank's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices in active markets for identical financial instruments.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar financial instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Determining fair value

Certain assets and liabilities, primarily financial instruments, are carried on the Consolidated Balance Sheet at their fair value. All other financial instruments are carried at amortized cost and the fair value is disclosed below. The following section discusses how the Bank measures fair value.

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. When available, the Bank generally uses quoted market prices to determine fair value and classifies such items in Level 1.

If quoted market prices are not available, fair value is based on internally developed valuation techniques that use, where possible, current market-based or independently sourced market inputs, such as interest rates, exchange rates and option volatilities. Instruments valued using internal valuation techniques are classified according to the lowest level input or value driver that is significant to the fair value measurement. Thus, an instrument may be classified in Level 3 even though some significant inputs may be observable.

Where available, the Bank may also make use of quoted prices for recent trading activity in positions with the same or similar characteristics to that being valued. The frequency and size of transactions and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the relevance of observed prices from those markets. If relevant and observable prices are available, those valuations would be classified in Level 2. If prices are not available, other valuation techniques are used and items are classified in Level 3. For these assets and liabilities, the inputs used in determining fair value may require significant management judgment. Due to the inherent uncertainty in these estimates, the values may differ significantly from those that would have been used if an active market had existed for the financial instruments. Moreover, the estimates of fair value for the same or similar financial instruments may differ among financial institutions. The calculation of fair value is based on market conditions as at each balance sheet date.

Valuation methodologies

The following section describes the valuation methodologies used by the Bank to measure and disclose certain significant financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified. Where appropriate, the description includes details of the valuation models, the key inputs to those models as well as any significant assumptions.

Securities purchased under reverse repurchase agreements and obligations related to securities sold under repurchase agreements

Given that quoted prices are not available for such financial instruments, fair value is determined using a discounted cash flow technique. Cash flows are estimated based on the terms of the contract and discounted using appropriate market rates.

Securities

When available, the Bank uses quoted market prices to determine the fair value of securities; such instruments are classified in Level 1 of the fair value hierarchy; for example, exchange-traded equity securities. For bonds traded over the counter, the Bank generally determines fair value using internal valuation techniques or prices obtained from independent vendors. Where available, the Bank may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued. Securities priced using such methods are generally classified in Level 2. However, less liquid securities may be classified in Level 3 given that the Bank must then determine the parameters related to certain significant value drivers, including liquidity premiums and credit spreads.

Loans

Quoted market prices in an active market are not available for these financial instruments. As a result, the fair value of loans is estimated using internal valuation techniques by discounting cash flows adjusted to reflect prepayments, if any, at the prevailing market interest rates for new loans with substantially similar terms. For certain variable rate loans subject to frequent rate revisions and loans with indeterminate maturities, the fair value is deemed to represent the carrying amount.

Other assets

Other assets consist primarily of cheques and other items in transit, accrued interest receivable and accounts receivable. As quoted market prices in an active market are not available for these financial instruments the Bank determined that the carrying value approximates the fair value due to their short-term nature.

Derivatives

The fair value of over-the-counter derivatives is calculated using prevailing market prices for instruments with similar characteristics and maturities, based on a discounted net value analysis or an appropriate pricing model that factors in the current and contractual prices of the underlying instruments, the time value of money, the yield curve, counterparty credit risk and volatility factors. These derivatives are classified in Level 2 or Level 3 depending on whether the significant inputs to those pricing models include observable or unobservable inputs. Also, certain exchange-traded derivatives, whose fair value is based on quoted market prices, are classified in Level 1 of the fair value hierarchy.

Deposits

Quoted market prices in an active market are not available for these financial instruments. As a result, the fair value of fixed rate deposits is estimated using discounted cash flows based on prevailing market interest rates for deposits with substantially similar terms. The fair value of deposits without stated maturities or variable rate deposits is deemed to represent their carrying amount.

Obligations related to securities sold short

When available, the Bank uses quoted market prices to determine the fair value of obligations related to securities sold short; such instruments are classified in Level 1. For bonds traded over the counter, the Bank generally determines fair value using internal valuation techniques or prices obtained from independent vendors. Where available, the Bank may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued. Securities priced using such methods are generally classified in Level 2.

Other liabilities

Other liabilities consist primarily of cheques and other items in transit, accrued interest payable and accounts payable. Quoted market prices in an active market are not available for these financial instruments and their fair value is deemed to represent their carrying amount due to their short-term nature.

Debt related to securitization activities

Quoted market prices in an active market are not available for debt related to securitization activities. As a result, the fair value of these financial instruments is estimated using discounted cash flows based on prevailing market interest rates for similar issues or rates currently offered for debt securities with the same term to maturity.

Subordinated debt

Quoted market prices in an active market are not available for these financial instruments. As a result, the fair value of subordinated debt is estimated using discounted cash flows based on prevailing market interest rates for similar issues or rates currently offered for debt securities with the same term to maturity.

Fair value hierarchy

Financial assets and liabilities measured at fair value in the Consolidated Balance Sheet

The following table shows the fair value hierarchy of financial instruments measured at fair value on a recurring basis using the valuation methods and assumptions as set out above.

(in millions of Canadian dollars)	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Securities at FVOCI	\$ —	\$ 248	\$ 29	\$ 277	\$ —	\$ 141	\$ 26	\$ 167
Securities at FVTPL	38	4,346	—	4,384	31	3,110	1	3,142
Derivatives	1	284	—	285	—	243	—	243
Liabilities								
Obligations related to securities sold short	15	3,281	—	3,296	1	2,260	—	2,261
Derivatives	—	237	45	282	—	301	33	334

Level transfers and reclassification

There were no significant transfers between Level 1 and Level 2 of the hierarchy, or changes in fair value measurement methods during the year.

Change in level 3 fair value category and sensitivity analysis

The Bank classifies financial instruments in Level 3 of the fair value hierarchy when there is reliance on at least one significant unobservable input to the valuation model. In addition to these unobservable inputs, the valuation models for Level 3 financial instruments typically rely on a number of inputs that are observable either directly or indirectly. Transfers in and out of Level 3 can occur as a result of additional or new information regarding valuation inputs and changes in their observability. Changes in Level 3 financial instruments were not significant for the years ended October 31, 2025 and 2024.

As at October 31, 2025, the Bank considered other reasonably possible alternative assumptions for the valuation models to recalculate the fair value of the instruments and concluded that the resulting potential increase or decrease in total fair value classified in Level 3 was not significant.

Financial assets and liabilities not measured at fair value on the Consolidated Balance Sheet

The following table shows financial instruments which are not recorded at fair value on the Consolidated Balance Sheet and their classification in the fair value hierarchy. For these instruments, fair values are calculated for disclosure purposes only, and the valuation techniques are disclosed above.

(in millions of Canadian dollars)	2025					2024	
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value
Assets							
Securities at amortized cost	\$ 3,119	\$ 3,125	\$ —	\$ 3,125	\$ —	\$ 2,790	\$ 2,787
Loans	35,838	35,799	—	—	35,799	35,069	34,653
Liabilities							
Deposits	23,999	24,334	—	24,334	—	23,164	23,464
Debt related to securitization activities	14,053	14,132	—	14,132	—	13,496	13,393
Subordinated debt	331	339	—	339	—	327	318

The Bank also determined that the carrying value approximates the fair value as at October 31, 2025 and 2024 for the following assets and liabilities as they are generally liquid floating rate financial instruments or are generally short term in nature: cash and non-interest-bearing deposits with banks, interest-bearing deposits with banks, securities purchased under reverse repurchase agreements, other assets, obligations related to securities sold under repurchase agreements and other liabilities.

22. FINANCIAL INSTRUMENTS – OFFSETTING

The following table shows information about financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement and the effect or potential effect of set-off rights.

	2025					
	Gross recognized amounts	Gross amounts offset in the Consolidated Balance Sheet	Amounts presented in the Consolidated Balance Sheet	Amounts not offset in the Consolidated Balance Sheet		Net amounts
				Impact of master netting agreements ⁽¹⁾	Financial collateral received or pledged	
Financial assets						
Securities purchased under reverse repurchase agreements	\$ 7,152,329	\$ 3,144,643	\$ 4,007,686	\$ 1,609,765	\$ 2,326,763	\$ 71,158
Derivatives	285,446	—	285,446	181,305	63,177	40,964
	\$ 7,437,775	\$ 3,144,643	\$ 4,293,132	\$ 1,791,070	\$ 2,389,940	\$ 112,122
Financial liabilities						
Obligations related to securities sold under repurchase agreements	\$ 7,014,300	\$ 3,144,643	\$ 3,869,657	\$ 1,609,765	\$ 2,259,877	\$ 15
Derivatives	282,184	—	282,184	181,305	20,693	80,186
	\$ 7,296,484	\$ 3,144,643	\$ 4,151,841	\$ 1,791,070	\$ 2,280,570	\$ 80,201
2024						
Financial assets						
Securities purchased under reverse repurchase agreements	\$ 6,616,750	\$ 3,048,260	\$ 3,568,490	\$ 802,686	\$ 2,744,792	\$ 21,012
Derivatives	243,087	—	243,087	194,646	21,160	27,281
	\$ 6,859,837	\$ 3,048,260	\$ 3,811,577	\$ 997,332	\$ 2,765,952	\$ 48,293
Financial liabilities						
Obligations related to securities sold under repurchase agreements	\$ 6,709,835	\$ 3,048,260	\$ 3,661,575	\$ 802,686	\$ 2,858,126	\$ 763
Derivatives	333,655	—	333,655	194,646	66,985	72,024
	\$ 7,043,490	\$ 3,048,260	\$ 3,995,230	\$ 997,332	\$ 2,925,111	\$ 72,787

(1) Carrying amount of financial assets and financial liabilities that are subject to a master netting agreement or similar agreements but that do not meet offsetting criteria, as these agreements give a right of set-off that is enforceable only following a specified event of default or in other circumstances not expected to arise in the normal course of business.

23. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Bank is exposed to various types of risks owing to the nature of the business activities it pursues. To ensure that significant risks to which the Bank could be exposed are taken into consideration, a Risk Management Framework has been developed to provide for oversight of risk assessment and control. Risk management is conducted according to tolerance levels established by management committees and approved by the Board of Directors through its committees.

In order to manage the risks associated with financial instruments, including loan and deposit portfolios, securities and derivatives, the Bank has implemented policies prescribing how various risks are to be managed. In practice, management closely monitors various risk limits, as well as a number of other indicators. Oversight of operations is performed by groups independent of the business lines.

The risk management policies and procedures of the Bank are disclosed in the Risk Appetite and Risk Management Framework section of the Management's Discussion and Analysis (MD&A). The relevant MD&A sections are identified in the shaded text and tables and are an integral part of these Consolidated Financial Statements.

24. DERIVATIVES AND HEDGES

24.1 DERIVATIVES

Derivatives are financial contracts that derive their value from underlying changes in interest rates, foreign exchange rates or other equity prices or indices.

In the normal course of business, the Bank enters into various derivatives to manage its interest rate, foreign exchange and equity price risk related to the Bank's lending, funding, investment, and asset and liability management activities, as well as to meet its customer demands and to earn trading income, as described below.

Types of derivatives

The main types of derivatives used are as follows:

Forwards and futures

Forward contracts are non-standardized agreements that are transacted between counterparties in the over-the-counter (OTC) market, whereas futures are standardized contracts with respect to amounts and settlement dates and are traded on organized exchanges. Examples of forwards and futures are described below.

- Interest rate futures are contractual obligations to buy or sell an interest-rate sensitive financial instrument on a predetermined future date at a specified price.
- Foreign exchange forwards are contractual obligations to exchange one currency for another at a specified price for settlement at a predetermined future date.
- Equity futures are contractual obligations to buy or sell at a fixed value (the specified price) of an equity index, a basket of stocks or a single stock at a predetermined future date.

Swaps

Swaps are OTC contracts in which two counterparties exchange a series of cash flows based on agreed upon rates applied to a notional amount. Examples of swap agreements are described below.

- Interest rate swaps are agreements where two counterparties exchange a series of payments based on different interest rates applied to a notional amount in a single currency. Certain interest rate swaps are transacted and settled through a clearing house which acts as a central counterparty.
- Cross-currency swaps are transactions in which counterparties exchange float-rate interest payments and principal payments in different currencies.
- Foreign exchange swaps are agreements to exchange payments in different currencies over predetermined periods of time.

Options

Options are contractual agreements under which the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or sell (put option) a security, exchange rate, interest rate, or other financial instrument or commodity at a specified price, at or by a predetermined future date. The seller (writer) of an option can also settle the contract by paying the cash settlement value of the purchaser's right. The seller (writer) receives a premium from the purchaser for this right. The various option agreements that the Bank enters into include foreign currency options, equity options and index options.

Total return swaps

Total return swaps are contracts where one counterparty agrees to pay or receive from the other cash amounts based on changes in the value of a referenced asset or group of assets, including any returns such as interest earned on these assets, in exchange for amounts that are based on prevailing market funding rates.

Aggregate notional amounts

The following tables present notional amounts of derivatives by term to maturity. The notional amount of derivatives represents the contract amount used as a reference point to calculate payments. Notional amounts are generally not exchanged by counterparties, and do not reflect the Bank's exposure at default.

(in millions of Canadian dollars)	2025							2024	
	Term to maturity			Total	Contracts designated as hedges	Other contracts ⁽¹⁾	Contracts designated as hedges	Other contracts ⁽¹⁾	
	Within 1 year	1 to 5 years	Over 5 years						
Notional amount									
Interest rate contracts									
Over-the-counter contracts									
Swaps	\$ 6,100	\$ 9,983	\$ 1,888	\$ 17,971	\$ 17,801	\$ 170	\$ 17,452	\$ 192	
Exchange-traded contracts									
Futures	588	—	—	588	—	588	—	443	
Foreign exchange contracts									
Over-the-counter contracts									
Cross-currency swaps	2,139	2,377	—	4,516	4,018	498	4,128	—	
Foreign exchange swaps	773	81	—	854	—	854	—	797	
Forwards	836	117	—	953	—	953	—	715	
Options purchased	768	519	—	1,287	—	1,287	—	934	
Options written	768	519	—	1,287	—	1,287	—	934	
Equity- and index-linked contracts									
Options purchased	29	63	—	92	—	92	—	72	
Options written	105	204	—	309	—	309	—	293	
Futures	14	—	—	14	—	14	—	5	
Total return swaps	71	24	—	95	6	89	6	80	
	\$ 12,191	\$ 13,887	\$ 1,888	\$ 27,966	\$ 21,825	\$ 6,141	\$ 21,586	\$ 4,465	

(1) Include derivatives used in trading operations to meet customer demands and to earn trading income, as well as derivatives used to manage the Bank's risk exposures that are not designated in hedge relationships.

Fair value of derivatives

(in thousands of Canadian dollars)	2025		2024	
	Assets	Liabilities	Assets	Liabilities
CONTRACTS DESIGNATED AS HEDGES				
Fair value hedges				
Interest rate contracts				
Swaps	\$ 92,478	\$ 64,162	\$ 89,804	\$ 82,283
Cash flow hedges				
Interest rate contracts				
Swaps	111,394	31,312	105,017	63,889
Equity- and index-linked contracts				
Total return swaps	1,092	—	94	180
Foreign exchange contracts				
Cross-currency swaps	2,417	3,493	—	12,998
Net investment hedges				
Foreign exchange contracts				
Cross-currency swaps	10,555	85,629	—	103,836
OTHER CONTRACTS⁽¹⁾				
Interest rate contracts				
Swaps	1,650	1,128	3,486	2,995
Foreign exchange contracts				
Cross-currency swaps	—	6,795	—	—
Foreign exchange swaps	4,858	6,596	2,662	9,203
Forwards	11,060	4,098	12,334	3,336
Options purchased	21,894	—	17,087	—
Options written	—	22,270	—	17,153
Equity- and index-linked contracts				
Options purchased	26,233	—	12,023	—
Options written	—	56,701	—	36,856
Total return swaps	1,815	—	580	926
Total	\$ 285,446	\$ 282,184	\$ 243,087	\$ 333,655

(1) Include derivatives used in trading operations to meet customer demands and to earn trading income as well as derivatives used to manage the Bank's risk exposures that do not qualify for hedge accounting.

Credit risk exposure of derivatives

(in millions of Canadian dollars)	2025						2024		
	Replacement cost ⁽¹⁾	Credit equivalent amount ⁽²⁾	Risk-weighted amount ⁽³⁾	Replacement cost ⁽¹⁾	Credit equivalent amount ⁽²⁾	Risk-weighted amount ⁽³⁾	Replacement cost ⁽¹⁾	Credit equivalent amount ⁽²⁾	Risk-weighted amount ⁽³⁾
Interest rate contracts	\$ 239	\$ 680	\$ 138	\$ 250	\$ 743	\$ 150			
Foreign exchange contracts	51	364	138	32	314	118			
Equity-and index-linked contracts	31	100	24	14	70	17			
	321	1,144	300	296	1,127	285			
Impact of master netting agreements	(284)	(898)	(179)	(255)	(893)	(179)			
	\$ 37	\$ 246	\$ 121	\$ 41	\$ 234	\$ 106			

(1) Represents what it would cost to replace transactions at prevailing market conditions in the event of a default. This is the favourable fair market value of all outstanding contracts, excluding options written since they do not constitute a credit risk, including securitization swaps not recognized on the balance sheet.

(2) Represents the sum of (i) the total replacement cost of all outstanding contracts and (ii) an amount representing the assessed potential future credit risk, using guidelines issued by OSFI.

(3) Represents the credit risk equivalent amount weighted based on the creditworthiness of the counterparty, as prescribed by OSFI.

24.2 HEDGE ACCOUNTING

The Bank applies hedge accounting as part of managing its interest rate, foreign exchange and equity price risk related to the Bank's lending, funding, investment, and asset and liability management activities.

Interest rate risk

Most derivative contracts used to hedge certain exposures to benchmark interest rate risk are interest rate swaps. For fair value hedges, the Bank converts fixed interest rate exposures from the hedged financial instruments to floating interest rate exposures. For cash flow hedges, the Bank converts certain exposures to cash flow variability from its variable rate instruments to fixed interest rate exposures.

Equity price risk

Cash-settled total return swaps are used in designated cash flow hedge relationships to hedge changes in the Bank's share price in respect of certain cash-settled share-based compensation awards. Refer to Note 16 for further details.

Foreign exchange risk

Cross-currency swaps and foreign exchange swaps are used in designated net investment hedge relationships to hedge changes in the value of the net investment in a foreign subsidiary from foreign exchange currency fluctuations.

Assessing hedge effectiveness

For the hedge relationships above, hedge effectiveness is assessed at the inception of the hedge relationship and on an ongoing basis, primarily using regression analysis.

For fair value and cash flow hedges, the main source of potential hedge ineffectiveness is a circumstance where the critical terms of the hedging instrument and the hedged item are not closely aligned.

For net investment hedges, changes in fair value of the derivative attributable to exchange rate fluctuations are compared with changes in the net investment in a foreign operation attributable to exchange rate fluctuations. Insofar as the notional amount of the hedging instruments and the hedged net investments are aligned, no ineffectiveness is expected.

Derivative instruments designated in hedging relationships

	Notional amounts				Carrying amounts	
(in thousands of Canadian dollars)	Within 1 year	1 to 5 years	Over 5 years	Total	Assets	Liabilities
2025						
Fair value hedges						
Interest rate risk						
Interest rate contracts						
Hedge of fixed rate assets	\$ 25,000	\$1,206,000	\$ 677,000	\$1,908,000	\$ 14,044	\$ 46,104
Hedge of fixed rate liabilities	\$4,609,000	\$3,279,610	\$ 850,500	\$8,739,110	\$ 78,434	\$ 18,058
Weighted-average fixed interest rate						
Hedge of fixed rate assets	1.7 %	2.5 %	3.4 %	2.8 %		
Hedge of fixed rate liabilities	2.7 %	2.9 %	2.8 %	2.8 %		
Cash flow hedges						
Interest rate risk						
Interest rate contracts						
Hedge of variable rate assets	\$1,265,000	\$4,077,000	\$ 162,000	\$5,504,000	\$ 86,029	\$ 11,537
Hedge of variable rate liabilities	\$ 172,000	\$1,390,300	\$ 88,000	\$1,650,300	\$ 25,365	\$ 19,775
Weighted-average variable interest rate						
Hedge of variable rate assets	2.4 %	2.4 %	2.6 %	2.4 %		
Hedge of variable rate liabilities	2.6 %	2.1 %	2.8 %	2.2 %		
Equity price risk						
Total return swaps	\$ —	\$ 6,185	\$ —	\$ 6,185	\$ 1,092	\$ —
Weighted-average price	\$ —	\$ 32.23	\$ —	\$ 32.23		
Foreign exchange risk						
Cross-currency swaps	\$ 55,168	\$ 253,025	\$ —	\$ 308,193	\$ 2,417	\$ 3,493
Average CAD/USD exchange rate	1.3792	1.4057	—	1.4010		
Net investment hedges						
Foreign exchange risk						
Cross-currency swaps	\$1,543,142	\$2,103,296	\$ —	\$3,646,438	\$ 10,555	\$ 85,629
Average CAD/USD exchange rate	1.3656	1.3883	—	1.3786		
2024						
Fair value hedges						
Interest rate risk						
Interest rate contracts						
Hedge of fixed rate assets	\$ 237,500	\$ 938,000	\$ 698,000	\$1,873,500	\$ 38,639	\$ 22,219
Hedge of fixed rate liabilities	\$3,555,300	\$3,641,610	\$ 848,500	\$8,045,410	\$ 51,165	\$ 60,064
Weighted-average fixed interest rate						
Hedge of fixed rate assets	0.9 %	2.3 %	3.4 %	2.5 %		
Hedge of fixed rate liabilities	4.1 %	3.0 %	2.8 %	3.5 %		
Cash flow hedges						
Interest rate risk						
Interest rate contracts						
Hedge of variable rate assets	\$ 935,000	\$4,142,000	\$ 162,000	\$5,239,000	\$ 53,636	\$ 43,373
Hedge of variable rate liabilities	\$ 205,000	\$1,778,800	\$ 310,000	\$2,293,800	\$ 51,381	\$ 20,516
Weighted-average variable interest rate						
Hedge of variable rate assets	3.9 %	4.0 %	4.2 %	4.0 %		
Hedge of variable rate liabilities	4.0 %	3.2 %	4.3 %	3.4 %		
Equity price risk						
Total return swaps	\$ 146	\$ 5,999	\$ —	\$ 6,145	\$ 94	\$ 180
Weighted-average price	\$ 26.43	\$ 26.74	\$ —	\$ 26.73		
Foreign exchange risk						
Cross-currency swaps	\$ 431,377	\$ —	\$ —	\$ 431,377	\$ —	\$ 12,998
Average CAD/USD exchange rate	1.3481	—	—	1.3481		
Net investment hedges						
Foreign exchange risk						
Cross-currency swaps	\$1,714,904	\$1,869,476	\$ —	\$3,584,380	\$ —	\$ 103,836
Average CAD/USD exchange rate	1.3503	1.3596	—	1.3552		

Fair value hedges

The following tables show amounts related to hedged items as well as the results of the fair value hedges.

	2025						
(in thousands of Canadian dollars)	Carrying value of hedged items	Cumulative hedge adjustments from active hedges	Cumulative adjustments from discontinued hedges	Gains (losses) on the hedged items for ineffectiveness measurement	Gains (losses) on the hedging instruments for ineffectiveness measurement	Hedge ineffectiveness ⁽¹⁾	
Interest rate risk							
Securities at amortized cost	\$ 1,940,424	\$ 32,424	\$ —	\$ 37,459	\$ (37,613)	\$	(154)
Deposits	5,469,977	22,767	(176)	424	76		500
Debt related to securitization activities	3,336,224	44,324	(57,114)	(39,013)	39,155		142
				\$ (1,130)	\$ 1,618	\$	488
							2024
Interest rate risk							
Securities at amortized costs	\$ 1,868,465	\$ (5,035)	\$ —	\$ 117,353	\$ (117,593)	\$	(240)
Deposits	4,918,763	23,253	(604)	(119,882)	119,546		(336)
Debt related to securitization activities	3,155,992	6,092	(79,386)	(148,686)	148,615		(71)
				\$ (151,215)	\$ 150,568	\$	(647)

(1) Included on the Income from financial instruments line item.

Cash flow hedges

The following tables show the amounts related to hedged items as well as the results of the cash flow hedges.

	2025							
(in thousands of Canadian dollars)	Accumulated other comprehensive income from active hedges	Accumulated other comprehensive income from discontinued hedges	Gains (losses) on hedged items for ineffectiveness measurement	Gains (losses) on hedging instruments for ineffectiveness measurement	Hedge ineffectiveness ⁽¹⁾	Unrealized gains (losses) included in Other comprehensive income as the effective portion of the hedging instrument	Losses (gains) reclassified to net interest income	
Interest rate risk								
Loans	\$ 106,606	\$ (34,668)	\$ (20,813)	\$ 20,775	\$ (38)	\$ 20,780	\$ 30,600	
Deposits	(35,716)	51,158	11,457	(11,425)	32	(2,620)	(40,431)	
	70,890	16,490	(9,356)	9,350	(6)	18,160	(9,831)	
Equity price risk								
Other liabilities	1,092	(23)	(1,637)	1,637	—	1,177	402	
Foreign exchange risk								
Loans	(367)	—	(1,845)	1,862	17	(1,730)	—	
	\$ 71,615	\$ 16,467	\$ (12,838)	\$ 12,849	\$ 11	\$ 17,607	\$ (9,429)	
								2024
Interest rate risk								
Loans	\$ 85,826	\$ (65,268)	\$ (168,953)	\$ 168,557	\$ (396)	\$ 232,773	\$ (44,377)	
Deposits	(33,095)	91,589	84,530	(84,605)	(75)	(147,012)	36,001	
	52,731	26,321	(84,423)	83,952	(471)	85,761	(8,376)	
Equity price risk								
Other liabilities	(86)	(425)	(429)	429	—	1,930	(425)	
Foreign exchange risk								
Loans	1,363	—	(19,723)	19,880	157	6,018	—	
	\$ 54,008	\$ 25,896	\$ (104,575)	\$ 104,261	\$ (314)	\$ 93,709	\$ (8,801)	

(1) Included on the Income from financial instruments line item.

Net investment hedges

The following tables show the amounts related to hedged items as well as the results of the net investment hedges.

	2025						
(in thousands of Canadian dollars)	Accumulated other comprehensive income from active hedges	Accumulated other comprehensive income from discontinued hedges	Gains (losses) on hedged items for ineffectiveness measurement	Gains (losses) on hedging instruments for ineffectiveness measurement	Hedge ineffectiveness ⁽¹⁾		Losses (gains) reclassified to income
Net investments in foreign operations							
USD	\$ (27,707)	\$ (43,328)	\$ 11,389	\$ (11,389)	\$ —		\$ —
							2024
Net investments in foreign operations							
USD	\$ (99,295)	\$ 39,648	\$ 10,021	\$ (10,021)	\$ —		\$ —

(1) Included on the Income from financial instruments line item.

Reconciliation of equity components

The following table presents a reconciliation by risk category of Accumulated other comprehensive income.

	2025			2024	
	Cash flow hedge reserve	Translation of foreign operations reserve	Cash flow hedge reserve	Translation of foreign operations reserve	
Balance at beginning of year	\$ 58,750	\$ 21,961	\$ (3,680)	\$ 26,813	
Hedges of net investments in foreign operations					
Effective portion of changes in fair value on hedging derivatives	n/a	(11,389)	n/a	(10,021)	
Foreign currency translation gains on investments in foreign operations	n/a	9,436	n/a	5,169	
Cash flow hedges					
Effective portion of changes in fair value on hedging derivatives					
Interest rate risk	18,160	n/a	85,761	n/a	
Equity price risk	1,177	n/a	1,930	n/a	
Foreign exchange risk	(1,730)	n/a	6,018	n/a	
Net amount reclassified to profit or loss					
Interest rate risk	(9,831)	n/a	(8,376)	n/a	
Equity price risk	402	n/a	(425)	n/a	
Income taxes	(2,165)	(14,294)	(22,478)	—	
Balance at end of year	\$ 64,763	\$ 5,714	\$ 58,750	\$ 21,961	

25. INCOME RELATED TO FINANCIAL INSTRUMENTS

Income related to financial instruments reported in the Consolidated Statement of Income is detailed as follows.

Net interest income

	2025	2024
Interest and dividend income		
Interest income calculated using the effective interest method		
Financial instruments measured at amortized cost	\$ 2,083,862	\$ 2,281,658
Financial instruments measured at FVOCI	7,006	2,445
Interest and dividend income on financial instruments not measured at amortized cost ⁽¹⁾	6,217	14,747
	2,097,085	2,298,850
Interest expense		
Interest expense calculated using the effective interest method		
Financial instruments measured at amortized cost	1,316,908	1,422,727
Interest expense on financial instruments not measured at amortized cost ⁽¹⁾	43,253	156,616
	1,360,161	1,579,343
Net interest income	\$ 736,924	\$ 719,507

(1) Including interest income and expense on derivatives, as well as dividend income on securities not held for-trading. Dividend income was \$2.3 million for the year ended October 31, 2025 [\$3.8 million for the year ended October 31, 2024].

Income from financial instruments (other income)

	2025	2024
Gains from sale of financial instruments held-for-trading	\$ 50,233	\$ 48,291
Income from non-trading financial instruments at FVTPL and foreign exchange	11,250	12,963
Net gains on FVOCI debt securities	735	38
	\$ 62,218	\$ 61,292

26. COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Credit-related commitments

The Bank uses certain off-balance sheet credit instruments as a means of meeting the financial needs of its customers. Undrawn amounts under approved credit facilities represent a commitment to make credit available in the form of loans or other credit instruments for specific amounts and maturities, subject to specific conditions.

Documentary letters of credit are documents issued by the Bank on behalf of customers, authorizing a third party to draw drafts to a stipulated amount under specific conditions. These letters are guaranteed by the underlying shipments of goods.

The amounts of credit-related commitments represent the maximum amount of additional credit that the Bank could be obliged to extend. These amounts are not necessarily indicative of credit risk as many of these commitments are contracted for a limited period of usually less than one year and will expire or terminate without being drawn upon.

Guarantees

Standby letters of credit and performance guarantees

In the normal course of its operations, the Bank offers its customers the possibility of obtaining standby letters of credit and performance guarantees. These represent irrevocable assurances that the Bank will make payments in the event that clients cannot meet their obligations to third parties. The term of these guarantees varies according to the contracts and normally does not exceed one year. The Bank's policy for requiring collateral security with respect to these instruments is similar to its policy for loans. The maximum potential amount of future payments under these guarantees totalled \$197.2 million as at October 31, 2025 [\$215.9 million as at October 31, 2024].

Other indemnification agreements

In the normal course of its operations, the Bank provides indemnification agreements to counterparties in certain transactions such as purchase contracts, service agreements and sales of assets. These indemnification agreements require the Bank to compensate the counterparties for costs incurred as a result of changes in laws and regulations (including tax legislation) or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The Bank also indemnifies directors and officers, to the extent permitted by law, against certain claims that may be made against them as a result of their being, or having been, directors or officers at the request of the Bank. The terms of these indemnification agreements vary based on the contract. The nature of the indemnification agreements prevents the Bank from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. Historically, the Bank has not made any significant payments under such indemnification agreements. No amount has been accrued with respect to these indemnification agreements.

The Bank also enters into other derivative contracts under which it may be required to make payments to counterparties. These derivatives are accounted for in accordance with the policy for derivative instruments (refer to Note 24 for further details).

Lease liabilities

The Bank has entered into commercial leases mainly related to real estate right-of-use assets. The undiscounted cash flows related to the contractual maturity of the Bank's lease liabilities is \$17.9 million due within one year, \$58.7 million due within 1 to 5 years and \$41.1 million due thereafter until expiry of the leases. Interest expense related to lease liabilities was \$3.2 million for the year ended October 31, 2025 (\$3.3 million for the year ended October 31, 2024). Refer to Note 8 for details on the related right-of-use assets.

Other non-cancellable commitments

Minimum future payments for other non-cancellable commitments by maturity are as follows:

	2025	
	Leases ⁽¹⁾	Information technology service contracts and other ⁽²⁾
Due within one year	\$ 20,231	\$ 71,197
Due within 1 to 5 years	69,835	126,352
Due after 5 years	37,768	51,718
	127,834	249,267
Less: Future minimum sublease payments to be received	(29,087)	—
Total	\$ 98,747	\$ 249,267

(1) Payments under these real estate variable lease and short-term lease contracts commitments recognized as an expense amounted to \$17.3 million in 2025 (\$17.9 million in 2024).

(2) Payments under these information technology service contracts and other commitments recognized as an expense amounted to \$148.4 million in 2025 (\$138.1 million in 2024).

Financial assets pledged as collateral

In the normal course of its operations, the Bank pledges financial assets presented in the Consolidated Balance Sheet. This collateral security is pledged under the usual terms that provide, among other things, that the Bank bear the risks and rewards related to the collateral security and the pledged assets be returned to the Bank when the terms and conditions requiring them to be pledged as security cease to apply.

Financial assets pledged as collateral under securitization operations are detailed in Note 7. The following table details the financial assets pledged as collateral under other arrangements.

	2025	2024
Pledged assets:		
To participate in clearing and payment systems ⁽¹⁾	\$ 1,456,966	\$ 974,871
For obligations related to securities sold under repurchase agreements and for securities borrowed	8,246,656	8,215,493
For obligations related to derivatives in a liability position	40,363	107,893
	9,743,985	\$ 9,298,257
Pledged assets are detailed as follows:		
Securities and securities purchased under reverse repurchase agreements	9,412,892	\$ 8,977,090
Residential mortgage loans (NHA MBS)	131,093	121,167
Other loans	200,000	200,000
	\$ 9,743,985	\$ 9,298,257

(1) Of which \$1.5 billion was pledged in excess of minimum requirements as at October 31, 2025 (\$1.1 billion as at October 31, 2024).

Contingent liabilities and legal provisions

In the ordinary course of business, the Bank and its subsidiaries are involved in various legal and regulatory proceedings. Such proceedings involve a variety of issues, and the timing of their resolution is varied and uncertain.

Legal provisions are recognized when it becomes probable that the Bank will incur an expense related to legal proceedings and the amount can be reliably estimated. Legal provisions are recorded at the best estimate of the amounts required to settle the obligation as at the reporting date, taking into account the risks and uncertainties associated with the obligation. Management and external experts are involved in estimating any legal provision, as necessary. The actual costs of settling some obligations may be substantially higher or lower than the amounts of the provisions. In some cases, it is not possible to either determine whether an obligation is probable or to reliably estimate the amount of loss, in which case no accrual can be made. This is an area of significant judgment and uncertainty, given the varying stages of the proceedings, the fact that the Bank's liability, if any, has yet to be determined and the fact that the underlying

matters will change from time to time. As such the extent of our financial and other exposure to such legal proceedings, after taking into account current accruals, could be material to our results of operations in any period.

The following is a description of the Bank's significant legal proceedings:

MEDAC v. Laurentian Bank of Canada and al.

In June 2020, MEDAC, a non-profit shareholder rights corporation, represented by two of its members, filed an application seeking authorization to institute a class action in the Superior Court of Québec against different defendants, including Laurentian Bank of Canada (the Bank), two of its former executives, as well as Laurentian Bank Securities (LBS), a subsidiary of the Bank. The applicant has agreed to stay the proceedings against the defendant underwriters (including LBS). The proposed class action alleges that, between May 18, 2017, and September 3, 2018, the defendants misrepresented and failed to disclose, in two prospectus offerings and in continuous disclosure, deficiencies in the Bank's mortgage underwriting and related quality control and securitization, in violation of the Québec Securities Act and the Civil Code of Québec. The hearing on the authorization of the class action has not yet been rescheduled by the Court. Based on the facts known at this stage, it is currently not possible to predict the ultimate outcome of this matter.

CLÉMENT, Johanne v. Laurentian Bank of Canada

In October 2023, an application seeking the authorization to institute a class action was filed against Laurentian Bank of Canada (the Bank) in the Superior Court of Québec. The application related to a service interruption that occurred starting September 24, 2023. On January 14, 2025, a settlement agreement (the "Agreement") was reached, and the class action was authorized for settlement purposes only. The Agreement was approved by the Superior Court of Québec on June 26, 2025. Pursuant to the Agreement, a monthly fee waiver was applied for the month of September 2025. The resolution of this matter did not have a material effect on the Bank's consolidated financial condition or results.

Consumer class actions

A number of financial institutions, including the Bank, have been named in various class actions brought by customers or clients alleging that certain of our practices or actions were improper in respect of fees (including non-sufficient funds fees), charges or interest rates relating to credit cards, bank accounts and other products. The cases are in various stages of maturity and the timing of their resolution is varied and uncertain. Based on the facts known at this stage, it is currently not possible to predict the ultimate outcome of these proceedings or the timing of their resolution.

27. IMPAIRMENT AND RESTRUCTURING CHARGES

The following table details the Impairment and restructuring charges line item.

	2025	2024
Restructuring and other impairment charges⁽¹⁾		
Severance charges	\$ 4,944	\$ 25,597
Charges related to leases and other	3,086	2,592
Impairment of software and other intangible assets	1,181	29,012
Impairment of premises and equipment	1,688	15,282
	10,899	72,483
P&C Banking segment impairment charges⁽²⁾		
Impairment of goodwill	\$ —	\$ 83,929
Impairment of software and other intangible assets	—	66,193
Impairment of premises and equipment	—	5,811
	—	155,933
Total	\$ 10,899	\$ 228,416

(1) Restructuring and other impairment charges mainly comprised of impairment charges, severance charges, professional fees and charges related to leases and other, and are included in the Impairment and restructuring charges line item.

(2) The Personal and Commercial (P&C) Banking segment impairment charges related to the impairment of the P&C Banking segment as part of the goodwill impairment test performed as at April 30, 2024. Impairment charges were included in the Impairment and restructuring charges line item.

28. SEGMENTED INFORMATION

Operating segments

The Bank determines its operating segments based on how the chief operating decision maker manages the different services and products provided to clients. The Bank has two operating segments:

- The Personal and Commercial Banking segment, which provides a broad range of financial services and advice-based solutions for personal and commercial banking customers across Canada and the United States; and
- The Capital Markets segment provides a range of services, including research, market analysis and advisory services; corporate underwriting for debt and equity; and administrative services.

The Bank's other activities, including the Bank's corporate functions and Corporate Treasury, are grouped into the Other sector.

Reportable segments

The Bank has evaluated quantitative and qualitative aggregation criteria to determine that it has one reportable segment. The Bank aggregates operating segments with similar economic characteristics that meet the aggregation criteria. Factors considered in applying aggregation criteria mainly include: the similarity of products and services offered, the nature of operations and processes, as well as the similarity in the regulatory environments in which the segments operate. For the Capital Markets operating segment, which does not have similar economic characteristics, the Bank applies quantitative thresholds, as well as judgment for aggregation.

Geographic segments

The Bank operates primarily within two geographic areas: Canada and the United States. The following tables summarizes the Bank's revenues and average earning assets by geographic segment.

	2025			2024		
	Canada	United States	Total	Canada	United States	Total
Total revenue	\$ 757,543	\$ 226,129	\$ 983,672	\$ 805,943	\$ 212,266	\$ 1,018,209
Average earning assets ⁽¹⁾	\$ 35,701,294	\$ 4,634,035	\$ 40,335,329	\$ 36,068,067	\$ 4,143,194	\$ 40,211,261

(1) Average earning assets include the Bank's loans net of allowances, as well as interest-bearing deposits with other banks, securities, securities purchased under reverse repurchase agreements used in the Bank's treasury operations and derivatives but exclude average earning assets related to trading activities. The averages are based on the daily balances for the year.

29. SIGNIFICANT SUBSIDIARIES

The significant subsidiaries of the Bank as at October 31, 2025 are listed in the table below.

Corporate name	Principal office address ⁽¹⁾	Book value of voting shares owned by the Bank ⁽²⁾
B2B Bank	Toronto, Canada	\$ 733,061
Laurentian Bank Securities Inc.	Montreal, Canada	275,659
Laurentian Trust of Canada Inc.	Montreal, Canada	108,688
Northpoint Commercial Finance Capital Inc.	Burlington, Canada	3,193,894
Northpoint Commercial Finance Inc.	Burlington, Canada	
NCF Commercial Finance Holdings Inc.	Alpharetta, United States	
Northpoint Commercial Finance LLC	Alpharetta, United States	
LBC Financial Services Inc.	Montreal, Canada	644,445
LBC Investment Management Inc.	Montreal, Canada	476,483
V.R. Holding Insurance Company Ltd.	St. Peter, Barbados	
LBC Trust	Montreal, Canada	105,624
NCF International Holding Kft	Budapest, Hungary	65,983
NCF International SA	Zug, Switzerland	2,764

(1) Each subsidiary is incorporated or organized under the laws of the country in which the principal office is located

(2) Unless otherwise noted, the Bank, either directly or indirectly through its subsidiaries, owns 100% of the outstanding voting shares of each subsidiary. The book value of shares with voting rights corresponds to the Bank's interest in the shareholders' equity of the subsidiaries.

30. SUBSEQUENT EVENT

Transactions announced on December 2, 2025

On December 2, 2025, Laurentian Bank and National Bank have entered into the Retail/SME Agreement in respect of the Retail/SME Transaction and the Syndicated Loan Agreement in respect of the Syndicated Loan Transaction.

In parallel, Laurentian Bank and Fairstone Bank have entered into the Acquisition Transaction Agreement in respect of the Acquisition Transaction.

Refer to Note 1.1 for additional information about the Transactions.

FIVE-YEAR STATISTICAL REVIEW

CONDENSED CONSOLIDATED BALANCE SHEET⁽¹⁾

As at October 31 (in thousands of Canadian dollars, unaudited)	2025	2024	2023	2022	2021
Assets					
Cash and non-interest-bearing deposits with banks	\$ 57,769	\$ 53,319	\$ 52,403	\$ 79,702	\$ 69,002
Interest-bearing deposits with banks	1,257,750	1,444,272	1,306,914	1,811,221	598,121
Securities	7,779,946	6,099,634	6,016,427	6,184,461	6,499,193
Securities purchased under reverse repurchase agreements	4,007,686	3,568,490	4,086,170	3,727,752	2,764,281
Loans					
Personal	1,975,613	2,106,426	2,571,747	3,266,635	3,681,341
Residential mortgage	16,131,795	16,537,917	16,708,809	16,157,480	15,856,999
Commercial	17,906,832	16,614,187	17,778,794	18,057,146	14,106,423
Customers' liabilities under acceptances	—	—	15,000	99,800	—
	36,014,240	35,258,530	37,074,350	37,581,061	33,644,763
Allowances for loan losses	(176,330)	(189,377)	(205,957)	(193,476)	(195,056)
	35,837,910	35,069,153	36,868,393	37,387,585	33,449,707
Other	1,206,635	1,166,422	1,562,431	1,526,037	1,696,720
	\$ 50,147,696	\$ 47,401,290	\$ 49,892,738	\$ 50,716,758	\$ 45,077,024
Liabilities and shareholders' equity					
Deposits					
Personal	\$ 21,206,691	\$ 19,713,877	\$ 22,294,040	\$ 22,234,036	\$ 18,151,044
Business, banks and other	2,791,903	3,450,077	3,732,838	4,897,770	4,837,185
	23,998,594	23,163,954	26,026,878	27,131,806	22,988,229
Other	8,883,679	7,585,602	7,816,690	8,274,874	7,842,613
Debt related to securitization activities	14,052,700	13,496,457	12,853,385	12,192,422	11,255,530
Subordinated debt	330,903	326,793	337,680	336,553	349,782
Shareholders' equity	2,881,820	2,828,484	2,858,105	2,781,103	2,640,870
	\$ 50,147,696	\$ 47,401,290	\$ 49,892,738	\$ 50,716,758	\$ 45,077,024

(1) Certain comparative figures have been reclassified to conform to the current year presentation.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the years ended October 31 (in thousands of Canadian dollars, unaudited)	2025	2024	2023	2022	2021
Net interest income	\$ 736,924	\$ 719,507	\$ 746,323	\$ 733,336	\$ 692,341
Other income	246,748	298,702	279,187	300,899	310,116
Total revenue	983,672	1,018,209	1,025,510	1,034,235	1,002,457
Provision for credit losses	61,035	61,552	61,607	56,878	49,500
Non-interest expenses	750,090	978,872	753,490	701,661	880,362
Income (loss) before income taxes	172,547	(22,215)	210,413	275,696	72,595
Income taxes (recovery)	32,673	(16,716)	29,326	49,113	15,526
Net income (loss)	\$ 139,874	\$ (5,499)	\$ 181,087	\$ 226,583	\$ 57,069
Dividends on preferred shares and distributions on other equity instruments	14,370	12,426	11,779	11,779	12,265
Net income (loss) available to common shareholders	\$ 125,504	\$ (17,925)	\$ 169,308	\$ 214,804	\$ 44,804

OTHER STATISTICS

As at and for the years ended October 31 (in thousands of Canadian dollars, except per share and percentage amounts, unaudited)	2025	2024	2023	2022	2021
Operating performance					
Diluted earnings (loss) per share	\$ 2.84	\$ (0.41)	\$ 3.89	\$ 4.95	\$ 1.03
Return on common shareholders' equity ⁽¹⁾⁽²⁾	4.9 %	(0.7)%	6.6 %	8.9 %	1.9 %
Net interest margin ⁽³⁾	1.83 %	1.79 %	1.79 %	1.84 %	1.85 %
Efficiency ratio ⁽³⁾	76.3 %	96.1 %	73.5 %	67.8 %	87.8 %
Operating leverage ⁽³⁾	20.0 %	(30.6)%	(8.2)%	23.5 %	(16.7)%
Common share information					
Closing share price ⁽⁴⁾	\$ 33.30	\$ 26.08	\$ 25.40	\$ 30.40	\$ 41.67
Price / earnings ratio ⁽³⁾	11.7 x	(63.6) x	6.5 x	6.1 x	40.5 x
Book value per share ⁽¹⁾⁽²⁾	\$ 57.67	\$ 57.36	\$ 59.96	\$ 58.02	\$ 53.99
Dividends declared per share	\$ 1.88	\$ 1.88	\$ 1.86	\$ 1.78	\$ 1.60
Dividend yield ⁽³⁾	5.6 %	7.2 %	7.3 %	5.9 %	3.8 %
Dividend payout ratio ⁽³⁾	66.3 %	n.m.	47.7 %	35.9 %	154.9 %
Average volumes (in millions of dollars)					
Average earning assets ⁽³⁾	\$ 40,335	\$ 40,211	\$ 41,598	\$ 39,929	\$ 37,374
Average loans	\$ 35,477	\$ 35,770	\$ 37,318	\$ 35,423	\$ 32,950
Average common shareholders' equity	\$ 2,543	\$ 2,547	\$ 2,556	\$ 2,420	\$ 2,398
Credit quality					
Gross impaired loans as a % of loans ⁽³⁾	1.18 %	1.07 %	0.62 %	0.42 %	0.75 %
Net impaired loans as a % of loans ⁽³⁾	0.97 %	0.88 %	0.46 %	0.28 %	0.49 %
Provision for credit losses as a % of average loans ⁽³⁾	0.17 %	0.17 %	0.17 %	0.16 %	0.15 %
Basel III regulatory capital ratios					
Common Equity Tier 1 (CET1) capital ratio ⁽⁵⁾	11.3 %	10.9 %	9.9 %	9.1 %	10.2 %
Total risk-weighted assets (\$ millions) ⁽⁵⁾	\$ 20,700	\$ 20,862	\$ 22,575	\$ 23,909	\$ 20,007
Other information					
Number of common shares outstanding (in thousands)	44,584	44,006	43,647	43,334	43,587
Number of full-time equivalent employees	2,682	2,666	2,941	3,126	2,871
Number of branches	58	57	57	58	58
Number of automated banking machines ⁽⁶⁾	106	110	130	145	153

(1) This is a non-GAAP ratio. Refer to the Non-GAAP Financial and Other Measures section in the Management's Discussion and Analysis (MD&A).

(2) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts*, which required restatement of the Bank's 2023 comparative information and financial measures.

(3) This is a supplementary financial measure. Refer to the Non-GAAP Financial and Other Measures section in the Management's Discussion and Analysis (MD&A).

(4) Toronto Stock Exchange (TSX) closing market price.

(5) In accordance with OSFI's "Capital Adequacy Requirements" guideline. Refer to the Capital Management section in the Management's Discussion and Analysis (MD&A).

(6) Through the Bank's partnership with THE EXCHANGE® Network, customers have access to thousands of automated banking machines in Canada.

SHAREHOLDER INFORMATION

Corporate offices

Montreal
1360 René-Lévesque Blvd West,
Suite 600
Montreal, Quebec H3G 0E5

Toronto
199 Bay St, Suite 600
Toronto, Ontario M5L 0A2

www.laurentianbank.ca

Head of Complaints Resolution

1360 René-Lévesque Blvd West,
Suite 600
Montreal, Quebec H3G 0E5

HCR@laurentianbank.ca
Tel.: 514-284-7192
or 1-800-479-1244
Fax : 514-284-7194
or 1-800-473-4790

Corporate Governance

The Bank's website provides information on our corporate governance practices, including our governance policies and our Board and committee mandates.
www.laurentianbank.ca/en/about-us

Transfer agent and registrar

Computershare Investor Services Inc.
650 de Maisonneuve W. Blvd,
7th Floor
Montreal, Quebec H3A 3T2

service@computershare.com
Tel.: 514-982-7888

Change of address and inquiries

Shareholders must notify the Bank's transfer agent and registrar of any change of address. Inquiries or requests may be directed to the Bank's Corporate Secretariat's Office at corporate.secretariat@laurentianbank.ca

Direct deposit service

Shareholders of the Bank may, by advising the transfer agent in writing, have their dividends deposited directly into an account held at any financial institution member of the Payments Canada.

Investors and analysts

Investors and analysts are invited to contact the Bank's Investor Relations Team.
investor.relations@lbcfg.ca

Media

Journalists may contact the Media and Investor Relations Lead Advisor at media@lbcfg.ca

Tel.: 438-364-1596

Social media



Dividend reinvestment and share purchase plan

The Bank has a dividend reinvestment and share purchase plan for Canadian holders of its common and preferred shares under which they can acquire common shares of the Bank without paying commissions or administration fees. Participants acquire shares through the reinvestment of cash dividends paid on the shares they hold or through optional cash payments of a minimum amount of \$500 per payment, up to an aggregate amount of \$20,000 in each 12-month period ending October 31.

For more information, shareholders may contact Computershare at service@computershare.com or 1-800-564-6253.

To participate in the plan, the Bank's non-registered shareholders must contact their financial institution or broker.

STOCK SYMBOL AND DIVIDEND RECORD AND PAYMENT DATES

The common and preferred shares indicated below are listed on the Toronto Stock Exchange.	CUSIP CODE / STOCK SYMBOL	RECORD DATE*	DIVIDEND PAYMENT DATE*
Common shares	51925D 10 6 / LB	First business day of:	
		January	February 1
		April	May 1
		July	August 1
		October	November 1
Preferred shares Series 13	51925D 82 5 / LB.PR.H	**	March 15
		**	June 15
		**	September 15
		**	December 15

* Subject to the approval of the Board of Directors.

** On such day (which shall not be more than 30 days preceding the date fixed for payment of such dividend) as may be determined from time to time by the Board of Directors of the Bank.

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LBC Financial Services Inc.
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978-2-925436-06-5

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