Structured Solutions Group

NATIONAL BANK CAPITAL MARKETS

10th edition

Performance Report 2025

F-Class

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Performance at a glance

10th edition

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This document is designed to provide an overview of the general performance of structured products (F-Class) issued for the Canadian retail investment market by National Bank of Canada (the "Bank") that have either reached their maturity date or were called between January 1, 2016, and December 31, 2025. The return is calculated over the entire term of the structured product, rather than based solely on its performance during these specific years.

The analysis is provided by main product category: non principal protected note securities (NPPNs) and capital protected products, which include principal protected notes (PPNs) and equity-linked guaranteed investment certificates (GICs).

In this document, the term "2016 to 2025" refers to the period from January 1, 2016, to December 31, 2025, and the term "2016 to 2021" refers to the period from January 1, 2016, to December 31, 2021.

Breakdown by Main Product Category

Non Principal Protected Notes (NPPNs)

3,570 notes have reached their maturity date or were called since 2016	**99%** generated positive returns for investors	**8.5%** average annualized return	**-32.9%** average downside protection level[1]

Capital Protected Products (PPNs & GICs)

313 products have reached their maturity date or were called since 2016	**91%** generated positive returns for investors	**5.1%** average annualized return	full principal protection at maturity

Useful Links: Version française | A-Class Product Performance | Educational summaries

1 The downside protection level generally represents the level up to which the investor's capital is protected at maturity. NPPNs can be structured with different protection types (maturity-monitored barrier, buffer, etc.). The most commonly used protection type is the maturity-monitored barrier, which was used in 98% of NPPNs that have reached their maturity date or were called between 2016 and 2025.

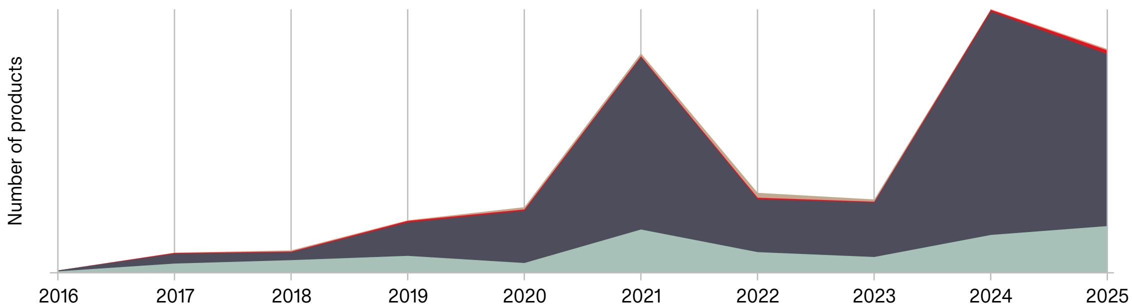
Non Principal Protected Notes Performance

Table 1 – Annualized returns per year (maturity or call date)

2016 to 2021	2022	2023	2024	2025	2016 to 2025
8.0%	8.5%	8.8%	8.7%	9.3%	8.5%

Figure 1 – Breakdown of the Bank's offering by main product type and per year (maturity or call date)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Participation/Accelerator Notes	0.0%	1.4%	5.1%	1.1%	3.5%	1.3%	6.1%	3.1%	0.2%	0.6%
Bonus Notes	0.0%	4.3%	3.8%	3.3%	2.2%	0.5%	2.2%	1.2%	0.8%	1.8%
Income Notes	37.5%	48.6%	34.6%	63.4%	79.5%	78.5%	65.9%	74.2%	84.7%	76.7%
Auto Callable Notes	62.5%	45.7%	56.4%	32.2%	14.8%	19.7%	25.8%	21.5%	14.3%	20.9%



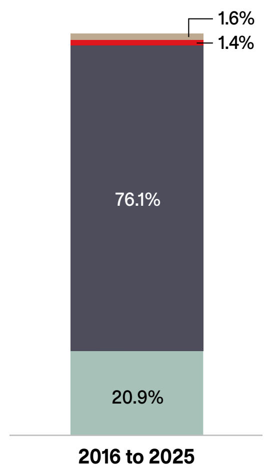
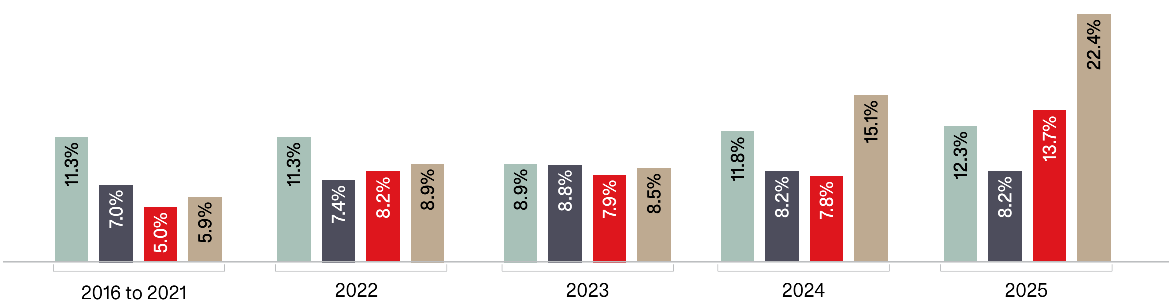
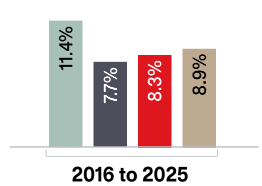


Figure 2 – Annualized returns by main product type and per year (maturity or call date)





Auto Callable Notes[1] Income Notes[2] Bonus Notes[3,5] Participation/Accelerator Notes[4,5]

1 Refers to the note securities issued by the Bank under its NBC Auto Callable Note Securities Program.

2 Refers to any note securities issued by the Bank under a program offering return of capital payments or coupon payments, whether these payments are contingent or not. These note securities may also include an automatic call feature.

3 Refers to the note securities issued by the Bank under its NBC Booster Note Securities Program (formerly the NBC Bonus™ Note Securities Program) and NBC Barrier Booster Note Securities Program (formerly the NBC Bonus TwoStep™ Note Securities Program).

4 Refers, among other things, to the note securities issued by the Bank under its NBC Expedition™ Note Securities Program, NBC Trekking™ Note Securities Program, NBC Sprint™ Note Securities Program and NBC Marathon™ (Accelerator) Note Securities Program (formerly the NBC Marathon Note Securities Program).

5 The dataset is very limited on Bonus and Participation/Accelerator Notes for F-Class products: 51 and 57 notes have respectively matured since 2016. For a better representation of the performance of Bonus and Participation/Accelerator Notes, please refer to the A-Class Performance Report as it includes a wider range of data.

Performance Analysis

Table 2 – Capital protected products (PPNs & GICs)

Statistics	2016 to 2021	2022	2023	2024	2025	2016 to 2025
Number of products	72	49	42	78	72	313
Products that generated positive returns	**57**	**40**	**39**	**77**	**71**	**284**
Products that only returned the capital at maturity	15	9	3	1	1	29
Average realized term (in years)	3.8	4.2	5.0	3.3	2.6	3.6
Average annualized return	**3.4%**	**3.6%**	**3.4%**	**5.9%**	**8.0%**	**5.1%**
Average top-quartile annualized return[1]	6.6%	7.0%	6.9%	9.7%	12.2%	9.7%
Average bottom-quartile annualized return[2]	0.1%	0.4%	0.5%	1.2%	3.8%	0.7%

Table 3 – Non principal protected notes (NPPNs)

Statistics	2016 to 2021	2022	2023	2024	2025	2016 to 2025
Number of products	1,334	279	256	920	781	3,570
Products that generated positive returns	**1,317**	**272**	**245**	**910**	**778**	**3,522**
Products that only returned the capital at maturity	6	1	9	0	1	17
Products that generated negative returns at maturity	11	6	2	10	2	31
Average realized term (in years)	1.6	1.7	1.6	1.6	1.3	1.6
Average downside protection level	-32.9%	-32.1%	-32.8%	-33.0%	-33.0%	-32.9%
Average annualized return	**8.0%**	**8.5%**	**8.8%**	**8.7%**	**9.3%**	**8.5%**
Average top-quartile annualized return[1]	12.7%	14.3%	12.5%	12.5%	13.4%	12.9%
Average bottom-quartile annualized return[2]	4.6%	3.2%	5.1%	4.8%	6.1%	4.7%

2025 Performance Results (NPPNs)

781 notes reached their maturity date or were called in 2025

99.6% generated positive returns for investors

9.3% average annualized return

— NPPNs returned on average **9.3%** per annum (p.a.) while providing an average downside protection level of **-33.0%**.

— **72.6%** of the NPPNs that were called or reached their maturity date were NBC Auto Callable Contingent Income Notes. These notes had an average annual coupon of **8.5%** with an average downside protection level of **-33.6%**.

— Auto Callable Notes delivered a stronger performance for investors in 2025, generating an average annualized return of **12.3%**.

— **78.2%** of NPPNs called in 2025 were in their first year, which is consistent with expectations in a strongly bullish market environment.

— **5** products matured in 2025 within the Participation/Accelerator Notes offering. These products had an average participation factor of **199.5%**.

— The only **2** NPPNs that had negative returns at maturity were NBC Auto Callable Contingent Income Notes linked to the following reference portfolios: Ford Motor Company and Lightspeed Commerce Inc.

1 Average of returns above the third quartile (75th percentile) in the respective samples.
2 Average of returns below the first quartile (25th percentile) in the respective samples.

Focus on NBC Auto Callable Notes

NBC Auto Callable Notes are principal-at-risk note securities that offer the potential to receive an enhanced return within a predefined range while also offering conditional principal protection at maturity.

Performance Overview Since 2016

- → **97%** generated positive returns for investors
- → **11.4%** average annualized return
- → **1.7 years** average realized term
- → **-29.5%** average downside protection

Performance Breakdown by Call and Maturity Frequency

Frequency		Average Realized Term (years)	Average Note Return	Average Downside Protection	Percentage of Notes Outperforming the Reference Portfolio Return[1]
0–1 year	**60.2%**	1.0	12.8% (13.1% p.a.)	-30.7%	40.0%
1–2 years	**20.1%**	2.0	23.0% (10.9% p.a.)	-27.4%	86.0%
2–3 years	**12.7%**	3.0	30.8% (9.4% p.a.)	-27.4%	89.5%
3–4 years	**2.5%**	4.0	40.9% (9.0% p.a.)	-26.6%	100.0%
4–5 years	**0.1%**	5.0	85.0% (13.1% p.a.)	-30.0%	100.0%
Maturity	**4.3%**	4.4	0.5% (-1.4% p.a.)	-31.3%	87.5%
TOTAL		**1.7**	**17.4% (11.4% p.a.)**	**-29.5%**	**59.2%**

Performance of the Top 5 Reference Portfolios

(by Number of Products)

Reference Portfolio[2]	Average Annualized Return	Average Downside Protection	Average Realized Term (years)	Notes with Positive Return	Notes that Protected Capital	Notes with Negative Return
Canadian Banks	12.4%	-30.9%	1.6	100.0%	0.0%	0.0%
European Broad Market	9.1%	-28.4%	1.8	96.5%	3.5%	0.0%
Canadian Insurance	11.5%	-28.9%	1.6	100.0%	0.0%	0.0%
Canadian Broad Market	10.1%	-25.3%	1.4	100.0%	0.0%	0.0%
Canadian Pipelines	15.8%	-31.5%	1.4	100.0%	0.0%	0.0%

1 Other than for the notes linked to a Solactive Index, which is an adjusted return index, the reference portfolio return is measured on a price return basis (i.e., does not take into account the dividends and/or distributions paid on account of the underlying asset or its constituents).

2 "Canadian Banks" includes baskets of stocks and Solactive Indices; "European Broad Market" includes the EURO STOXX 50® Index; "Canadian Insurance" includes baskets of stocks and Solactive Indices; "Canadian Broad Market" includes the iShares® S&P/TSX 60 Index ETF and Solactive Indices; "Canadian Pipelines" includes baskets of stocks and Solactive Indices.

Focus on NBC Auto Callable Contingent Income Notes

NBC Auto Callable Contingent Income Notes represent the vast majority of Income Notes issued by the Bank. They are principal-at-risk note securities that offer the possibility of receiving periodic contingent distributions throughout their term while also offering conditional principal protection at maturity.

Performance Overview Since 2016

→ **99.6%** generated positive returns for investors

→ **7.9%** average annualized return

→ **1.3 years** average realized term

→ **97.5%** of coupons paid

→ **-34.8%** average downside protection

Performance Breakdown by Call and Maturity Frequency

Frequency		Average Realized Term (years)	Average Note Return	Average Downside Protection	Percentage of Coupons Paid
0–1 year	**64.2%**	0.7	5.5% (8.5% p.a.)	-35.1%	100.0%
1–2 years	**16.6%**	1.6	13.0% (7.9% p.a.)	-34.4%	99.2%
2–3 years	**12.3%**	2.6	17.6% (6.5% p.a.)	-34.1%	98.5%
3–4 years	**4.2%**	3.6	22.9% (5.9% p.a.)	-32.9%	96.9%
4–5 years	**0.9%**	4.6	36.7% (7.0% p.a.)	-36.3%	95.4%
5–6 years	**0.1%**	5.5	44.4% (6.9% p.a.)	-30.0%	90.9%
6–7 years	**0.04%**	6.5	54.3% (6.9% p.a.)	-30.0%	100.0%
Maturity	**1.6%**	3.8	8.3% (0.1% p.a.)	-33.6%	59.5%
TOTAL		**1.3**	**9.3% (7.9% p.a.)**	**-34.8%**	**97.5%**

Performance of the Top 5 Reference Portfolios

(by Number of Products)

Reference Portfolio[1]	Average Annualized Return	Average Downside Protection	Average Realized Term (years)	Percentage of Coupons Paid	Notes with Positive Return	Notes that Protected Capital	Notes with Negative Return
U.S. Broad Market	7.3%	-35.4%	1.0	100.0%	100.0%	0.0%	0.0%
Canadian Banks	8.1%	-34.9%	1.4	99.9%	100.0%	0.0%	0.0%
Canadian Broad Market	6.6%	-35.1%	1.3	100.0%	100.0%	0.0%	0.0%
U.S. Banks	9.3%	-35.9%	1.1	99.2%	100.0%	0.0%	0.0%
Canadian Insurance	8.0%	-33.5%	1.2	99.6%	100.0%	0.0%	0.0%

1 “U.S. Broad Market” includes the iShares® Core S&P 500 Index ETF (CAD-Hedged), the SPDR® S&P 500® ETF Trust, the iShares® U.S. Small Cap Index ETF (CAD-Hedged), the iShares® Russell 2000 ETF and Solactive Indices; “Canadian Banks” includes baskets of stocks and Solactive Indices; “Canadian Broad Market” includes the iShares® S&P/TSX 60 ETF and Solactive Indices; “U.S. Banks” includes baskets of stocks and Solactive Indices; “Canadian Insurance” includes baskets of stocks and Solactive Indices.

Examples of Products

Product Name	Realized Term (years)	Reference Portfolio Return (at maturity or on a call date)[1]	Product Return (at maturity or on a call date)
NBC Auto Callable Note linked to the Solactive Canada Bank 40 AR Index, Class F **[NBC24315]**	3.0	24.2%	47.3% (13.8% p.a.)
NBC Auto Callable Note linked to the Solactive Canada Bank 30 AR Index, Class F **[NBC24124]**	3.0	0.3%	30.0% (9.1% p.a.)
NBC Auto Callable Note linked to the Solactive Canada Select Large Capitalizations II 62 AR Index, Class F **[NBC24872]**	1.0	14.7%	12.1% (12.1% p.a.)
NBC Auto Callable Note linked to the Solactive Canada Pipelines AR 115 Index, Class F **[NBC24783]**	1.0	13.7%	14.5% (14.5% p.a.)
NBC Auto Callable Contingent Income Note linked to the Global gold mining sector, Class F **[NBC21270]**	5.0	24.2%	45.0% (7.7% p.a.)
NBC Auto Callable Contingent Income Note linked to the Solactive United States Big Banks Index 3.25% AR (USD), Class F **[NBC27534]**	1.0	16.1%	11.3% (11.3% p.a.)
NBC Auto Callable Contingent Income Note linked to the Solactive GBS United States 500 Hedged to CAD Index 3% Decrement, Class F **[NBC29451]**	1.0	11.4%	9.0% (9.0% p.a.)
NBC Auto Callable Contingent Income Note linked to the Solactive Canada Bank 40 AR Index, Class F **[NBC22948]**	3.3	5.5%	27.1% (7.7% p.a.)
NBC Auto Callable Contingent Income Note linked to the Canadian market, Class F **[NBC30409]**	0.5	13.8%	3.5% (7.2% p.a.)
NBC Auto Callable Contingent Income Note linked to the Solactive Gold Miners Hedged to CAD Index 3% Decrement, Class F **[NBC30084]**	0.5	21.9%	6.0% (12.4% p.a.)
NBC Auto Callable Contingent Income Note linked to the global clean energy sector, Class F **[NBC21752]**	3.0	-43.1%	-12.8% (-4.5% p.a.)
NBC Barrier Booster Note linked to a portfolio of Canadian banks, Class F **[NBC25034]**	5.0	78.4%	100.0% (14.9% p.a.)
NBC Auto Callable Canadian Large Capitalization Companies (AR) Flex GIC, Series 12F **[NBC29140]**	1.0	17.0%	8.0% (8.0% p.a.)
NBC Canadian Banks Portfolio Flex GIC, Series 17F **[NBC26863]**	5.0	9.9%	45.5% (7.8% p.a.)

1 Other than for the notes linked to a Solactive Index, which is an adjusted return index, the reference portfolio return is measured on a price return basis (i.e., does not take into account the dividends and/or distributions paid on account of the underlying asset or its constituents).

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AWARD WINNER

BEST CLIENT SERVICE
2023 & 2025

AWARD WINNER

BEST TECHNOLOGY
2024

Appendix

Methodology

The performance of a structured product generally consists of two elements: (1) distributions paid over the term of the product, if any, assuming that these distributions are not reinvested, and (2) the final return at maturity or on a call date. The final return is determined according to a predefined formula and depends on the reference portfolio's return at (a) predefined valuation date(s). For ease of calculation, we assumed that investors held the products until maturity, meaning this analysis does not consider the profit or loss made through buying and selling them in a secondary market maintained by National Bank Financial Inc. In order to provide a better representation of the Bank's standard structured product offerings, the products with an inverse participation feature are excluded from this analysis. These products are designed to provide at maturity a return linked to the negative price performance of a reference portfolio, and do not reflect the typical market exposure retail investors have with structured products.

Absolute Return Interpretation

The use of standard performance statistics, whether absolute or relative, to analyze the performance of structured products such as NPPNs, requires further explanation to have a full understanding of the results. Indeed, these statistics do not take into consideration certain important features of NPPNs, for example, the downside protection. Structured products offer different types of protection and levels of protection, which can vary from one product to another. Structured products are such that as the level of protection offered increases, the expected upside return (compared to a direct investment in their reference portfolio) decreases. Similarly, structured products offer various types of upside exposure. For example, some products are more conservative and focus on income distribution (i.e., Income Notes), while others are more aggressive and offer an acceleration of the performance of the reference portfolio (i.e., Participation/Accelerator Notes).

There are multiple possible combinations of downside protection and upside exposure. Some combinations might result in a more conservative product overall, while others may result in a more aggressive product. The choice of a more conservative or aggressive product depends on the investor's risk tolerance and market expectations, among other things. The final return of a structured product at maturity or on a call date is therefore a consequence of these two factors among other things, and they should be taken into account when evaluating performance results of a structured product.

Aggregate Return Interpretation

Structured products' issuance at the Bank has historically been demand-driven. Consequently, different structures can be linked to the same underlying asset at the same time. For example, it is not uncommon to find a Participation/Accelerator Note and an Income Note being issued at the same time and that are both linked to the same popular underlying asset, such as the iShares® S&P/TSX 60 Index ETF (XIU). Each structure has its own outperformance range. The choice of one or the other of these products depends on the investor's preferences (mainly related to risk tolerance and market expectations). Both products' performance at maturity depends on how the reference portfolio actually performs within the structure, and one could outperform the reference portfolio's return while the other underperforms the reference portfolio's return.

In a nutshell, not all clients have the same risk tolerance and market views and, more importantly, not all of them can be right at the same time. This clearly impacts the aggregate performance of structured products.

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