

**165 (d)**  
**Resolution Plan**  
**Part A**  
**Public Section**

**June 2025**

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*This document contains the public section of the Resolution Plan of National Bank of Canada as required by the Board of Governors of the Federal Reserve System. This document provides a summary of the plans made by National Bank of Canada to deal with events of financial or economic distress and uncertainty. This document does not present a complete picture of NBC, its operations, or its results.*

*NBC is a public reporting company in Canada. Full information regarding NBC and its operations, including financial information presented under Canadian Generally Accepted Accounting Principles (“GAAP”), can be found on SEDAR, the System for Electronic Document Analysis and Retrieval. SEDAR is the system used for electronically filing most securities-related information with the Canadian securities regulatory authorities.*

*This document contains certain forward-looking statements. Statements that are not historical facts, including statements about NBC’s beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and there can be no assurance that any of these assumptions will occur. Forward-looking statements speak only as of the date they are made, and NBC undertakes no obligation to update publicly any of them in light of new information or future events.*

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## INTRODUCTION

National Bank of Canada (also referred to as “NBC”, “National Bank”, or the “Bank”) is pleased to present its U.S. Resolution Plan as required by Regulation QQ, 12 CFR Part 243 of the Board of Governors of the Federal Reserve System (the “FRB”) and 12 CFR Part 381 of the Federal Deposit Insurance Corporation (the “FDIC”) (together, the “Resolution Plan Regulations”) issued pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). The FRB and FDIC are together referred to as the “Agencies” in this plan.

Section 165(d) of Dodd Frank Act and the Resolution Plan Regulations specify that any foreign bank or company that is a bank holding company or is treated as a bank holding company under section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a)), and that has \$250 billion or more in total consolidated assets, as determined annually based on the foreign bank’s or company’s most recent annual or, as applicable, quarterly, based on the average of the foreign bank’s or company’s four most recent quarterly Capital and Asset Reports for Foreign Banking Organizations as reported on the Federal Reserve’s Form FR Y-7Q is a “covered company” subject to the resolution plan requirements set forth in the Resolution Plan Regulations.

Under the Resolution Plan Regulations, a company that becomes a covered company and a triennial reduced filer after December 31, 2019 shall submit a full resolution plan on or before the next date by which the other triennial reduced filers are required to submit resolution plans pursuant to paragraph (c)(3) of this section that occurs no earlier than 12 months after the date as of which the company became a covered company. The company’s subsequent resolution plans shall be reduced resolution plans.

NBC is a bank organized under the laws of Canada. The Bank is a foreign bank that: (i) is treated as a bank holding company under section 1(b)(7) of the International Banking Act (“IBA”) because it maintains a branch office located in New York; (ii) is a bank holding company because of its indirect ownership of 100% of the shares of Natbank, N.A. (“Natbank”), a national bank located in Hollywood, Florida; and (iii) has \$250 billion or more in total consolidated assets, as determined based on NBC’s average of the most four most recent quarterly Capital and Asset Reports for Foreign Banking Organizations as reported on Federal Reserve Form FR Y-7Q. Accordingly, NBC is a “covered company” as defined in the Resolution Plan Regulations and is required to submit a U.S. resolution plan under Section 165(d) of the Dodd-Frank Act and the Resolution Plan Regulations.

NBC is a covered company, but is not a global systemically important BHC, nonbank financial company supervised by the FRB, category II banking organization, or category III banking organization. Therefore, under the Resolution Plan Regulations, NBC is a “triennial reduced filer” and is eligible to file a “reduced” resolution plan.

The Resolution Plan Regulations require that this public section of this reduced resolution include an executive summary of the resolution plan that describes the business of NBC and includes, to the extent material to an understanding of NBC:

- The names of material entities;
- A description of core business lines;
- The identities of the principal officers; and
- A description, at a high level, of NBC’s resolution strategy, referencing the applicable resolution regimes for its material entities.

NBC is also required to describe in the confidential section of this reduced Resolution Plan, to describe each “material change” (as defined in the Resolution Plan Regulations) experienced by NBC since the filing of NBC’s last resolution plan (the “June 2022 Resolution Plan”) (or affirmation that no such material change has occurred); and a description of changes to the strategic analysis that was presented in the June 2022 Resolution Plan resulting from any: (i) Change in law or regulation; (ii) Guidance or feedback from the Agencies; or (iii) Material change.

NBC has determined that there are no material changes since the June 2022 Resolution Plan and no changes to the strategic analysis set forth therein resulting from any change in law or regulation, guidance of feedback from the Agencies, or any other material change.

#### *Overview of the Organization*

NBC is a predominantly Canadian financial institution, and the leading bank in Quebec. It is the sixth largest bank in Canada, with branches in almost every province. The Bank’s head office is located in Montreal, and its securities are listed on the Toronto Stock Exchange, and as such the Bank is subject to Canadian law and regulation applicable to issuers of listed and publicly traded securities, including law and regulation relating to required financial and operational disclosures.

The Bank is an integrated provider of financial services to retail, commercial, corporate and institutional clients. Through its over 29,000 employees, it offers a complete range of services: banking and investment solutions, securities brokerage, insurance and wealth management.

#### *Overview of the U.S. Presence*

The Bank operates a branch in New York City (the “New York Branch”) which is primarily used for liquidity and funding purposes. The New York Branch also provides commercial and wholesale banking services to its institutional clients. The New York Branch has no retail clients.

The Bank also has a U.S. registered broker dealer and institutional equities sale office in New York, through its wholly owned subsidiary, National Bank of Canada Financial Inc. (“NBCFI”). NBCFI is registered with the U.S. Securities and Exchange Commission (“SEC”) and is admitted to membership in FINRA.

In addition, the Bank operates three full-service retail branch-banking locations in the State of Florida through its wholly owned national subsidiary, Natbank.

The Bank also has a wholly owned U.S. subsidiary, Credigy, which acquires nonperforming and performing portfolios and other potential investments and seeks to manage such portfolios profitably (liquidation through collections or account selling). Credigy also lends to other large buyers of similar assets.

Finally, the Bank has a Canadian subsidiary, which is a small U.S.-registered investment adviser, Natwealth Management (“Natwealth Management” or “Natwealth”). Natwealth Management was established in 2019, and exists principally to permit Canadian wealth management professionals to work with their U.S.-based clients, including with Canadian clients who move to the United States.

These entities, taken together, are for convenience referred to in this document as the “U.S. entities” or the “U.S. subsidiaries”.

## I. DESCRIPTION OF CORE BUSINESS LINES AND CRITICAL OPERATIONS

### 1.1 Definitions

The Resolution Plan Regulations define *Core Business Lines* as “those business lines of the covered company, including associated operations, services and functions and support that, in the point of view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value.”

The Resolution Plan Regulations define *Critical Operations* as “those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the [FRB] and the [FDIC], would pose threat to the financial stability of the United States.”

### 1.2 Identification of Core Business Lines

12 CFR § 243.5(a)(2)(i) states that a foreign-based covered company’s full resolution plan shall include the information with “respect to subsidiaries, branches and agencies, and identified critical operations and core business lines, as applicable, that are domiciled in the United States or conducted in whole or material part in the United States”.

NBC’s services are distributed through four primary business lines: (a) Personal and Commercial Banking, (b) Wealth Management, (c) Financial Markets and (d) U.S. Specialty Finance & International. These business lines are supported by various corporate functions (for example, Global Funding & Treasury, Finance, Risk Management, Information Technology, Operations, Human Resources and Corporate Affairs). None of those business lines that are important to the Bank and none of those corporate functions are domiciled in the United States or conducted in whole or material part in the United States.

However, because of its role in the funding of NBC, the Bank has, for purposes of the U.S. Resolution Plan, identified the New York portion of the Global Funding and Treasury as a Core Business Line. This Core Business Line is conducted in part in the New York Branch.

Global Funding and Treasury – Funding business line involves providing funding to NBC units to support their businesses. Other services include cash management, collateral management, interest rate risk management and foreign exchange risk management and trading in financial market instruments linked to New York Branch’s main treasury activities. The team invests primarily in liquid, highly rated investment grade securities, predominantly U.S. Government securities (treasury bills and bonds) and Canadian Governments.

### 1.3 Identification of Critical Operations

As noted above, “critical operations” are defined in the Resolution Plan Regulations as “those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the [FRB] and the [FDIC], would pose threat to the financial stability of the United States.”

NBC has determined that it has no Critical Operations in the U.S. for purposes of the Resolution Plan Regulations. As noted above, under the Resolution Plan Regulations, the FRB and the FDIC have the authority to jointly designate an operation of a covered company as a Critical Operation.

No operations of NBC have been designated by the Agencies as Critical Operations for purposes of the Resolution Plan Regulations.

## II. MATERIAL ENTITIES

### 2.1 Definition

The 165(d) Rule defines *Material Entity* as “a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line.”

### 2.2 Identification of Material Entity

For purposes of the U.S. Resolution Plan, the Bank has identified one Material Entity: the New York Branch. The New York Branch is primarily used for liquidity and funding purposes. It is licensed by the New York State Department of Financial Services (“NYSDFS”) as a wholesale bank subject to concurrent oversight by the Federal Reserve Bank of New York (“FRBNY”) and the NYSDFS. It received its license in October 1983.

The New York Branch provides commercial and wholesale banking services to its institutional clients. Services include:

- **Treasury:** This unit provides funding to other NBC affiliates in support of their business activities. U.S. based funding is accessed via commercial paper and certificate of deposit programs. Other services include cash management, collateral management, interest rate risk management, foreign exchange risk management and trading in financial market instruments linked to New York Branch’s main treasury activities.
- **Cross-Border Lending:** This unit provides corporate and commercial clients with both secured and unsecured credit services. The majority of clients are U.S. subsidiaries of existing NBC clients.
- **International Commercial Operations (“ICO”):** ICO issues both standby and commercial irrevocable letters of credit. Its clients include some of the clients of the New York Branch’s Cross-Border lending unit as well as NBC’s Canadian based commercial clients that need to issue U.S. based letters of credit.
- **Cash Management:** This unit provides banking services including demand deposit accounts (“DDAs”), wire transfers and automated clearing houses (“ACHs”) to existing clients of NBC’s commercial and corporate sectors.

In addition to the above business units, the New York Branch also includes middle and back-office services to support the other U.S. entities. These include Legal and Compliance, Human Resources, Regulatory Reporting, Loan Administration, Information Technology and Operations.

## III. SUMMARY OF FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES

### 3.1 Consolidated Balance Sheet

The following summarizes the consolidated balance sheet of NBC in million CAD\$ as of October

31, 2024, presented in accordance with International Financial Reporting Standards (“IFRS”). For more information on some Balance Sheets items see the 2024 NBC Annual Report on NBC web site. Information regarding the Bank can also be found on SEDAR.

## Consolidated Balance Sheets

As at October 31	2024
<b>Assets</b>	
<b>Cash and deposits with financial institutions</b>	<b>31,549</b>
<b>Securities</b>	Notes 4, 5 and 7
At fair value through profit or loss	115,935
At fair value through other comprehensive income	14,622
At amortized cost	14,608
	145,165
<b>Securities purchased under reverse repurchase agreements and securities borrowed</b>	<b>16,265</b>
<b>Loans</b>	Note 8
Residential mortgage	95,009
Personal	46,883
Credit card	2,761
Business and government	99,720
	244,373
Customers' liability under acceptances	–
Allowances for credit losses	(1,341)
	243,032
<b>Other</b>	
Derivative financial instruments	Note 18
Investments in associates and joint ventures	Note 10
Premises and equipment	Note 11
Goodwill	Note 12
Intangible assets	Note 12
Other assets	Notes 2 and 13
	26,215
	<b>462,226</b>
<b>Liabilities and equity</b>	
<b>Deposits</b>	Notes 5, 14 and 16
	<b>333,545</b>
<b>Other</b>	
Acceptances	–
Obligations related to securities sold short	10,873
Obligations related to securities sold under repurchase agreements and securities loaned	Note 9
	38,177
Derivative financial instruments	Note 18
	15,760
Liabilities related to transferred receivables	Notes 5 and 9
	28,377
Other liabilities	Notes 2 and 15
	8,686
	<b>101,873</b>
<b>Subordinated debt</b>	Note 17
	<b>1,258</b>
<b>Equity</b>	
<b>Equity attributable to the Bank's shareholders and holders of other equity instruments</b>	Notes 20 and 24
Preferred shares and other equity instruments	3,150
Common shares	3,463
Contributed surplus	85
Retained earnings	Note 2
	18,633
Accumulated other comprehensive income	219
	25,550
<b>Non-controlling interests</b>	Note 21
	–
	<b>25,550</b>
	<b>462,226</b>

### 3.2 Major Funding Sources

The Bank performs liquidity management and funding operations not only from its head office and offices in Canada, but also through certain foreign centers. Although these foreign centers play an important role in global liquidity management, the Bank's liquidity management is centralized in Montreal.

The Bank monitors and manages its risk appetite through liquidity limits, thresholds, and stress scenarios. Moreover, the Bank calculates its survival period under different stress scenarios and



ensures to keep a liquidity buffer over its minimum survival period. Finally, the Bank complements the regulatory risk metrics with strict internal limits.

The deposit liabilities of the Bank’s branch network are the Bank’s primary and most stable source of funding. Stable funds are used to fund core banking activities, whereas funds from the wholesale markets are used to fund securities portfolios. To maintain the ideal funding profile, the Bank seeks to minimize short-term funds borrowed on the institutional market and is careful to diversify its funding sources. The Bank maintains a good balance of its funding through different unsecured funding products, securitization programs and secured funding. The Bank also diversifies its funding by currency, geography, and maturity. The Bank’s funding management priority is to support business growth by optimizing the balance between the deposit liabilities of the Bank’s retail networks, secured funding and unsecured funding. This brings optimal stability to its funding and reduces vulnerability to unpredictable events.

NBC aims to maintain a diversified access to funding markets. As such, New York Branch provides an access to the U.S. wholesale funding market. Funding activities in New York are done either secured or unsecured. New York Branch executes the secured funding (repos) on U.S. securities for its own needs as well as those of Global Funding and Treasury. Secured funding is done via brokers. Covered Bonds and bail-inable instruments are also issued by NBC in the U.S. market.

With respect to unsecured funding, the New York Branch participates in the wholesale unsecured funding market by getting demand deposits and by selling term deposits and tradeable instruments. It does not receive deposits from retail clients.

To protect depositors and creditors from unexpected crisis situations, the Bank holds a portfolio of unencumbered liquid assets that can be immediately liquidated to meet financial obligations.

The Bank’s liquidity risk management framework is designed to ensure the Bank is in a position to address both its daily liquidity obligations and to withstand periods of liquidity stress affecting secured and unsecured funding.

#### **IV. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS**

As an essential part of engaging in the financial services industry and serving customers and clients, NBC participates in payment, messaging, clearing and settlement systems, to conduct financial transactions in a global economy. Those systems, known as Financial Markets Utilities (“FMUs”) allow NBC to provide payment services to customers and clients, to serve as a broker dealer for securities transactions and to engage in derivatives transactions as needed to manage risk, secure funding, and meet the needs of customers and clients.

See table below for systems significant to New York Branch’s Treasury operations.

<b>FMU</b>	<b>Functionality</b>
Fedwire	Settlement and clearing
FICC	Settlement and clearing
LCH Swapclear	Settlement and clearing

CLS	Settlement and clearing
CME Group	Clearing
Euroclear	Settlement and clearing
Ice Clear Europe	Clearing

In addition to the FMUs listed above, we note that both NBCFI, and its Canadian investment dealer parent, National Bank Financial, Inc., are participants in the Depository Trust Company (or one or more of its subsidiaries), and the Options Clearing Corporation which are clearance and settlement FMUs based in the United States.

## V. MATERIAL SUPERVISORY AUTHORITIES

### 5.1 Main Canadian regulator and Central Bank

NBC is a federally regulated financial institution (“FRFI”) in Canada. The main regulator in the Canadian financial services industry is OSFI. National Bank of Canada (and other Canadian banks) is also subject to the authority of the Bank of Canada with respect to the implementation of monetary policy, regulation of the financial system and funds management. However, as outlined in the definition of its role, the Bank of Canada does not directly regulate FRFIs: it is OSFI’s responsibility.

### 5.2 Other Regulators Covering NBC

As a provider of financial services and products, the Bank is also subject to the various rules and guidelines established by provincial authorities with regards to the trading of securities and financial instruments. Nevertheless, the impact of these regulators in financial crisis management is limited since their role focuses mostly on investors’ deposits protection and other related matters. The description of the major roles of supervisory authorities in crisis situations is therefore limited to that of the OSFI.

The most important other regulators (including self-regulation bodies) in Canada covering the Bank include, without limitation:

- Canadian Deposit Insurance Corporation (“CDIC”);
- Autorité des Marchés Financiers (“AMF”) – Québec;
- Canadian Investment Regulatory Organization (“CIRO”);
- Ontario Securities Commission (“OSC”); and
- Other Canadian Provinces securities commissions, where applicable.

As discussed above, NBC’s activities performed through entities that are incorporated abroad are limited. For the purpose of the Resolution Plan, U.S. regulators covering NBC are:

- National Bank of Canada – New York Branch
  - Federal Reserve Board (including Federal Reserve Bank of New York)
  - NYSDFS

- National Bank of Canada Financial Inc.<sup>1</sup>
  - Financial Industry Regulatory Authority (“FINRA”)
  - SEC
  - Various state securities authorities
- Credigy
  - Consumer Financial Protection Bureau
- Natbank N.A.
  - Office of the Comptroller of the Currency (“OCC”)
  - Federal Reserve Board (“FRB”)
  - Federal Deposit Insurance Corporation (“FDIC”)
- Natwealth Management
  - SEC

In the UK, the Prudential Regulatory Authority and Financial Conduct Authority also have jurisdiction over NBC through its local operations. In Ireland and Cambodia, the Central Bank of Ireland and the National Bank of Cambodia respectively have jurisdiction over NBC subsidiaries in these countries through their local operations.

## VI. PRINCIPAL OFFICERS

Information regarding the Bank’s principal officers is presented in the following table:

Name	Title
Laurent Ferreira	President and Chief Executive Officer
Marie-Chantal Gingras	Chief Financial Officer and Executive Vice-President, Finance
Jean-Sebastien Grise	Chief Risk Officer and Executive Vice-President, Risk Management
Judith Ménard	Executive Vice-President and Head of Commercial and Private Banking
Lucie Blanchet	Executive Vice President, Personal Banking and Client Experience
Julie Lévesque	Executive Vice-President, Technology and Operations
Étienne Dubuc	Executive Vice-President, Financial Markets Co-President and Co-Chief National Bank Financial
Nancy Paquet	Executive Vice-President, Wealth Management Co-President and Co-Chief National Bank Financial
Michael Denham	Executive Vice-President and Vice-Chair
Brigitte Hébert	Executive Vice-President, Employee Experience
Dominic Paradis	Executive Vice-President, Legal Affairs

<sup>1</sup> More information regarding NBCFI is available on FINRA’s “Brokercheck” website.

William Bonnell	Executive Vice-President and Advisor, International
Miguel Lacasse	Executive Vice-President and Managing Director, Co-Head Global Funding and Treasury
Yury Shmuylovich	Executive Vice-President and Managing Director, Co-Head Global Funding and Treasury
Sean Healey	President and Chief Executive Officer of NBCFI

## VII. CORPORATE GOVERNANCE AND RESOLUTION PLANNING PROCESS

In NBC’s view, financial contingency, crisis recovery and resolution planning should be considered on a continuum, taking into account the various stages of a potential crisis from a risk management perspective. It should be prepared in the context of an overall contingency and crisis management framework that begins with risk management and crisis avoidance, then move to contingency and recovery planning and end with resolution planning. Crisis avoidance, which includes the day-to-day risk management of the firm, begins with true risk transparency, a defined risk appetite, risk monitoring and strong risk governance.

For a plan to be meaningful, it should build on the core risk and business management practices of NBC, effectively integrating these activities into a cohesive whole rather than being just a stand-alone exercise. Accordingly, the Bank’s planning is designed in a manner that is aligned with the risk profile, the business strategy and performance of the organization, and the risks that it may pose to the system. The Bank’s plans are risk-based, and are designed to consider the organization’s business lines, geographies, customers, and model.

Based on these premises, NBC has integrated the initiatives related to the U.S. regulation to the existing global Recovery and Resolution Plans (“RRP”) governance framework, which is under the responsibility of the Executive Vice-President, Risk Management and CRO (the “CRO”) and centralized at the head office in Montreal, Canada. The CRO reports directly to the CEO.

NBC’s global RRP governance framework already oversees and drives the activities related to the Financial Contingency and Crisis Recovery Planning process (regulated by the OSFI), the Canadian Resolution Planning process (regulated by CDIC) and the Crisis Management Group activities which is involving Canadian authorities (Bank of Canada, Department of Finance, OSFI, CDIC), U.S authorities (FRB, FDIC, FRB New York, FRB Chicago, NYSDFS), United Kingdom (Bank of England) and Ireland authorities (Central Bank of Ireland).

The global RRP governance framework also defines specific roles and responsibilities for groups and committees and for executives that are the most actively involved in the planning process and governance oversight.

A central program team was established to take responsibilities for the ongoing activities required to produce the RRP. Through the Enterprise-Wide Risk Management Committee, the central team is linked to the wider business and collects input from various parts of NBC. The central team is responsible for strong and effective communications with internal and external stakeholders of the framework.

The Enterprise-Wide Risk Management Committee (“EWR”) is co-chaired by the CRO and CFO. This Committee meets monthly. One of the EWR’s responsibilities is to ensure RRP’s management

oversight and control. It also provides direction and strategy for the RRP, helps to resolve issues and approves scope changes and deliverables. Additionally, it ensures that RRP meet applicable requirements.

To ensure completeness of the content and alignment to the guidance provided by the U.S. regulators, the central program team integrated representatives from the New York Branch including its General Manager and retained external legal counsel to review and provide technical analysis.

The U.S. Resolution Plan is reviewed and approved by the President and Chief Executive Officer, on behalf of and pursuant to express delegation from the Board.

## **VIII. MATERIAL MANAGEMENT INFORMATION SYSTEMS (“MIS”)**

The Bank centralizes the management of its data and systems and management and information systems in an effort to secure and ensure better quality of available data. Moreover, the Bank has processes in place to ensure needed data is available on a timely fashion. These MIS are already used in the business-as-usual context. They are used to provide relevant data enabling an effective management of the various risks at the Bank, liquidity, capital management, credit risk, financial markets activities, foreign subsidiaries risks, etc. The Bank’s centralized process includes a database of key MIS; this allows the Bank transparency and oversight into key MIS.

Each business line has a business continuity plan to make sure it can continue to operate in case of major unit, regional or corporate breakdown.

## **IX. HIGH-LEVEL DESCRIPTION OF THE RESOLUTION STRATEGY**

### *9.1 Global Resolution*

The Canada Deposit Insurance Corporation (“CDIC”), as the resolution authority for Canadian banks, is responsible for overseeing the development and maintenance of credible resolution plans and processes for its large complex members. Resolution Planning serves as a guide to the effective use of CDIC’s powers, as set out in the CDIC Act, to resolve a large member in the event that the member’s own recovery measures are not feasible or have proven to be ineffective.

The Bank’s plan, both globally and in the U.S., starts with a plan for recovery in the event of economic or financial distress. The Bank’s recovery planning includes a recovery plan for its U.S. subsidiaries. In the event that a bank’s recovery planning actions are unsuccessful, CDIC, in conjunction with the other Canadian federal regulatory agencies, would need to determine how the bank should be resolved. Outside of traditional wind-up and liquidation options, there are several resolution strategies that CDIC could implement to resolve the failed or failing bank. The application of a particular resolution tool may depend on the crisis event that contributed to the failure of the bank.

NBC’s 2023 Canadian Resolution Plan is a detailed plan, filed with CDIC, aimed at demonstrating the resolvability of the Bank in the unlikely event of a major financial crisis. The Plan provides a resolution strategy that enables orderly resolution without government or taxpayer support while protecting the Canadian economy. Finally, the Plan demonstrates that the Bank could be resolved in an orderly manner, quickly and transparently.

## 9.2 Resolution of U.S. Operations

As described above, NBC has no core business lines, nor critical operations conducted in whole or material part in the U.S. that are important to the global organization whose failure pose threat to the financial stability of the United States.

NBC has made key assumptions according to the Resolution Plan Regulations and relevant regulatory guidance, regarding the economic and financial conditions and the applicable legal framework during resolution.

As required by the Dodd-Frank Act, in preparing this Resolution Plan, NBC has considered the impact of market conditions on the resolution strategy for NBC's U.S. entities. While NBC is not required under U.S. law to perform stress testing under Comprehensive Capital Analysis and Review ("CCAR"), the Bank has considered that its material financial distress or failure of its U.S. subsidiaries may occur under a severely adverse scenario, which combine a systemic and an idiosyncratic type of crisis.

For purposes of U.S. resolution planning, the Bank notes again that a successful, and in some cases partially successful, recovery plan will obviate the need to engage the U.S. resolution plan.

NBC assumes for purposes of this Plan that the Bank's resolution strategy for its U.S. operations ("NBC's U.S. Operations") in the event of material financial distress or failure of National Bank would be to pursue an orderly resolution of all assets of NBC New York Branch, Natbank, N.A. and NBC's U.S. nonbank subsidiaries (Credigy, Inc., NBCFI, and Natwealth Management). NBC's operations in the U.S. would be subject to several different insolvency regimes in the event of the failure or resolution of the Bank's entities.

### U.S. Material Entity

- NBC NYB: The New York Branch would be subject to liquidation under the New York State Banking Law (the "NYSBL"), which authorizes the Superintendent of the NYSDFS to act as receiver of NBC NYB the New York Branch and commence liquidation.

### Non-material U.S. Entities

- Natbank, N.A. would be resolved under the FDI Act by the FDIC, following its appointment as receiver, through an immediate whole bank Purchase and Assumption ("P&A") transaction transferring its operations to another bank or a transfer to a bridge bank and subsequent sale of its operations to another bank through a whole bank P&A transaction.
- NBCFI is a member of the SIPC and thus would be wound down after the initiation of a SIPA proceeding by a trustee appointed by SIPC if NBCFI has "customers" as defined in SIPA and holds customer funds at the time of resolution. SIPA operates in conjunction with the U.S. Bankruptcy Code in a liquidation proceeding. If NBCFI does not hold customer funds at the time of resolution, it would be resolved under the U.S. Bankruptcy Code.
- Credigy (including its subsidiaries) and Natwealth Management would be resolved under either Chapter 7 (Liquidation) or Chapter 11 (Reorganization) of the U.S. Bankruptcy Code.

The FRB and FDIC have identified five key impediments to a rapid and orderly resolution:

*Multiple Competing Insolvencies.* The risk of discontinuity of critical operations, systemic

consequences and/or uncertainty of outcome that could be created under certain circumstances by multiple, competing insolvency proceedings under different insolvency frameworks and/or administered in multiple jurisdictions.

*Global Cooperation.* The risk that actions (or inactions) of a Covered Company could incentivize home and host supervisors or resolution authorities or third parties to take actions (or abstain from actions) that could result in ring fencing of assets or lead to other outcomes that could exacerbate financial instability in the United States and/or loss of franchise value, as well as uncertainty in the markets.

*Operations and Interconnectedness.* The risk that services provided by an affiliate or third party might be interrupted or Financial Market Utility access and/or payment and clearing capabilities might be lost; an affiliate or third party might fail to perform service level agreements; the Covered Company might experience interruption or loss of data and IT services; liquidation of a counterparty might negatively impact the Covered Company's operations; cross-default provisions might be exercised; a counterparty might exercise contract rejection powers or might be excused from the continued provision of rights which are available to a counterparty under applicable law or by contract.

*Counterparty Actions.* The risk of counterparty actions, including derivative and repurchase agreement unwinds, of a volume sufficient to create operational challenges for the Covered Company or its FMUs and/or systemic market disruption or financial instability in the United States.

*Funding and Liquidity.* The risk of insufficient liquidity at one or more Material Entities or in one or more jurisdictions to maintain Critical Operations, including increased margin requirements, acceleration, termination, inability to roll over short term borrowings, default interest rate obligations, loss of access to alternative sources of credit, and/or additional expenses of restructuring.

NBC has performed an analysis of each of these areas for purposes of this Resolution Plan. This analysis has concluded that the nature of NBC's U.S. operations, the structure and organization of NBC's U.S. and global resolution plans, the applicable legal regimes, and NBC's access to liquidity are all factors that work together and separately to mitigate these key impediments. NBC continues to consider these impediments as part of its resolution planning.

It is expected that the New York Branch, the only U.S. Material Entity, would be liquidated in an orderly manner without significant obstacles or impediments based upon the size and limited geographic footprint of NBC's U.S. Operations.