



NATIONAL BANK OF CANADA

ANALYST AND INVESTOR PRESENTATION Q3-2015 CONFERENCE CALL

Wednesday, August 26, 2015 - 1:00 pm



CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Bank makes written and oral forward-looking statements, such as those contained in the *Major Economic Trends* and the *Outlook for National Bank* sections of the 2014 Annual Report, in other filings with Canadian securities regulators, and in other communications, for the purpose of describing the economic environment in which the Bank will operate during fiscal 2015 and the objectives it hopes to achieve for that period. These forward-looking statements are made in accordance with current securities legislation in Canada and the United States. They include, among others, statements with respect to the economy — particularly the Canadian and U.S. economies — market changes, observations regarding the Bank's objectives and its strategies for achieving them, Bank-projected financial returns and certain risks faced by the Bank. These forward-looking statements are typically identified by future or conditional verbs or words such as "outlook," "believe," "anticipate," "estimate," "project," "expect," "intend," "plan," and similar terms and expressions.

By their very nature, such forward-looking statements require assumptions to be made and involve inherent risks and uncertainties, both general and specific. Assumptions about the performance of the Canadian and U.S. economies in 2015 and how that will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives and in determining its financial targets, including provisions for credit losses. In determining its expectations for economic growth, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

There is a strong possibility that express or implied projections contained in these forward-looking statements will not materialize or will not be accurate. The Bank recommends that readers not place undue reliance on these statements, as a number of factors, many of which are beyond the Bank's control, could cause actual future results, conditions, actions or events to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These factors include strategic risk, credit risk, market risk, liquidity risk, operational risk, regulatory risk, reputation risk, and environmental risk (all of which are described in more detail in the *Risk Management* section beginning on page 61 of the 2014 Annual Report), general economic environment and financial market conditions in Canada, the United States and certain other countries in which the Bank conducts business, including regulatory changes affecting the Bank's business, capital and liquidity; the situation with respect to the restructured notes of the master asset vehicle (MAV) conduits, in particular the realizable value of underlying assets; changes in the accounting policies the Bank uses to report its financial condition, including uncertainties associated with assumptions and critical accounting estimates; tax laws in the countries in which the Bank operates, primarily Canada and the United States (including the U.S. Foreign Account Tax Compliance Act (FATCA)); changes to capital and liquidity guidelines and to the manner in which they are to be presented and interpreted; changes to the credit ratings assigned to the Bank; and potential disruptions to the Bank's information technology systems, including evolving cyber attack risk.

The foregoing list of risk factors is not exhaustive. Additional information about these factors can be found in the *Risk Management* and *Other Risk Factors* sections of the 2014 Annual Report. Investors and others who rely on the Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

The forward-looking information contained in this document is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes.



HIGHLIGHTS

ADJUSTED RESULTS ⁽¹⁾	Q3 15	Q2 15	Q3 14	QoQ	YoY
Net Income ⁽²⁾	444	411	427	8%	4%
Diluted EPS	\$1.25	\$1.15	\$1.20	9%	4%
Provision for Credit Losses	56	57	49	(2%)	14%
Return on Equity	18.4%	17.9%	19.4%		
Common Equity Tier 1 Ratio Under Basel III	9.5%	9.5%	9.1%		
Leverage ratio	3.6%	3.7%			
Liquidity coverage ratio	128.0%	121.8%			
Dividend Payout ⁽³⁾	42.3%	41.9%	41.9%		

- Record net income, up 4%

(1) Excluding specified items (see Appendix 1, page 25)
 (2) Net income before non-controlling interests
 (3) Trailing 4 quarters

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MID-TERM OBJECTIVES

Excluding specified items

MID-TERM	
Growth in diluted earnings per share	5% to 10%
Return on common shareholders' equity	15% to 20%
Common Equity Tier 1 capital ratio	≥ 9.5%
Leverage ratio	≥ 3.5%
Dividend payout ratio	40% to 50%

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FINANCIAL REVIEW

Ghislain Parent
Chief Financial Officer and
Executive Vice-President, Finance and Treasury



PERFORMANCE SNAPSHOT – Q3 2015

(millions of dollars)

ADJUSTED ⁽¹⁾	Q3 15	Q2 15	Q3 14	QoQ	YoY
Revenues ⁽²⁾	1,553	1,497	1,484	4%	5%
Expenses	900	879	866	2%	4%
Net Income	444	411	427	8%	4%
Diluted EPS	\$1.25	\$1.15	\$1.20	9%	4%
ROE	18.4%	17.9%	19.4%		

□ Adjusted revenues up 5%, YoY

□ Diluted EPS up 4% from Q3 2014

□ Positive operating leverage

REPORTED	Q3 15	Q2 15	Q3 14	QoQ	YoY
Specified Items	9	(7)	14		
Net Income	453	404	441	12%	3%
Diluted EPS	\$1.28	\$1.13	\$1.24	13%	3%
ROE	18.8%	17.6%	20.1%		

(1) Excluding specified items (see Appendix 1, page 25)

(2) Taxable equivalent basis

PERFORMANCE SNAPSHOT – YTD 2015

(millions of dollars)

ADJUSTED ⁽¹⁾	9M 15	9M 14	YoY
Revenues	4,509	4,198	7%
Expenses	2,636	2,462	7%
Net Income	1,265	1,186	7%
Diluted EPS	\$3.54	\$3.34	6%
ROE	17.9%	18.8%	

□ Adjusted revenues up 7%, YoY

□ Diluted EPS up 6%, YoY

□ Slightly positive operating leverage

REPORTED	9M 15	9M 14	YoY
Specified Items	7	22	
Net Income	1,272	1,208	5%
Diluted EPS	\$3.56	\$3.41	4%
ROE	18.1%	19.1%	

(1) Excluding specified items (see Appendix 1, page 25)

(2) Taxable equivalent basis

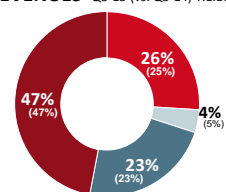
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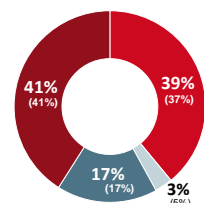
INCOME STATEMENT OVERVIEW – Q3 2015 (Excluding specified items)

(millions of dollars)	Q3 15	Q2 15	Q3 14	QoQ	YoY
Revenues ⁽¹⁾	1,553	1,497	1,484	4%	5%
P&C Banking	728	680	696	7%	5%
Wealth Management	347	359	335	(3%)	4%
Financial Markets	470	428	445	10%	6%
Other Segment	8	30	8		

REVENUES Q3-15 (vs. Q3-14) T.E.B.



NET INCOME Q3-15 (vs. Q3-14) T.E.B.



Net Income	444	411	427	8%	4%
P&C Banking	197	166	186	19%	6%
Wealth Management	84	84	76	-	11%
Financial Markets	202	176	187	15%	8%
Other Segment	(39)	(15)	(22)		

(1) Taxable equivalent basis

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■ Personal and Commercial Banking
■ Financial Markets (excluding Credigy)
■ Credigy
■ Wealth Management



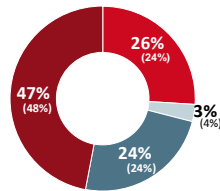
INCOME STATEMENT OVERVIEW – YTD 2015 (Excluding specified items)

<i>(millions of dollars)</i>	9M 15	9M 14	YoY
Revenues ⁽¹⁾	4,509	4,198	7%
P&C Banking	2,099	1,999	5%
Wealth Management	1,051	991	6%
Financial Markets	1,316	1,147	15%
Other Segment	43	61	
Net Income	1,265	1,186	7%
P&C Banking	538	509	6%
Wealth Management	251	230	9%
Financial Markets	556	460	21%
Other Segment	(80)	(13)	

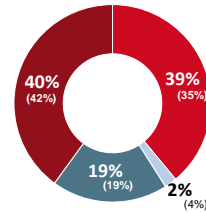
(1) Taxable equivalent basis

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REVENUES 9M-15 (vs. 9M-14) T.E.B.



NET INCOME 9M-15 (vs. 9M-14) T.E.B.



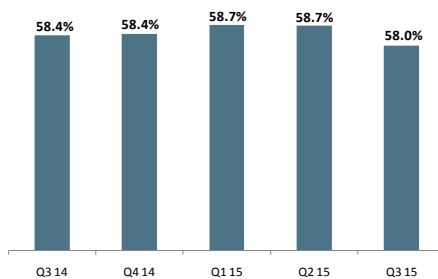
■ Personal and Commercial Banking
■ Financial Markets (excluding Credigy)
■ Credigy
■ Wealth Management



NON INTEREST EXPENSES (Excluding specified items)

<i>(millions of dollars)</i>	Q3 15	Q2 15	Q3 14	QoQ	YoY	9M 15	9M 14	YoY
Salaries and Staff Benefits	554	535	545	4%	2%	1,634	1,526	7%
Technology and Professional Fees	181	175	168	4%	8%	529	484	9%
Other Expenses	165	169	153	(3%)	8%	473	452	5%
Non Interest Expense	900	879	866	2%	4%	2,636	2,462	7%

EFFICIENCY RATIO



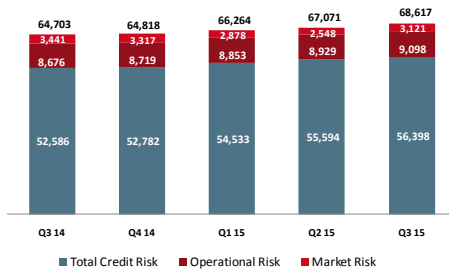
- Higher expenses resulting from technology investments, regulatory costs and variable compensation
- YTD 2015 efficiency ratio: 58.46% (58.65% YTD 2014)

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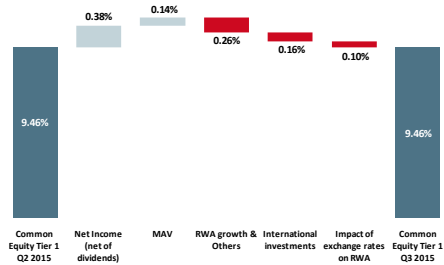


STRONG CAPITAL POSITION

TOTAL RISK-WEIGHTED ASSETS
UNDER BASEL III



COMMON EQUITY TIER 1 UNDER BASEL III
EVOLUTION (QoQ)



- Common Equity Tier 1 ratio is 9.5% in Q3 15
- Risk-weighted assets at \$68.6B
- Leverage ratio at 3.6%

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RISK MANAGEMENT

William Bonnell
Executive Vice-President, Risk Management



LOAN PORTFOLIO OVERVIEW

(billions of dollars)	Q3 15	% of Total
Retail mortgages & HELOC	53.2	47%
Secured by non real estate	4.8	4%
Credit cards	1.9	2%
Other retail	6.7	6%
Total Retail	66.6	59%

- The loan portfolio is well diversified across industrial sectors

(billions of dollars)	Q3 15	% of Total
Real Estate	7.8	7%
Retail & Wholesale Trade	5.0	5%
Agriculture	4.2	4%
Manufacturing	3.9	3%
Mining and Oil & Gas	3.8	3%
Education & Health Care	2.7	2%
Other ⁽¹⁾	19.4	17%
Total Wholesale	46.8	41%
Total Gross Loans and Acceptances	113.4	100%

(billions of dollars)	Q3 15	% of total
Mining	0.6	0.5%
O&G Corporate	0.8	0.7%
O&G Commercial	2.3	2.1%
O&G Services	0.1	0.1%
Other	0.0	0.0%
Total	3.8	3.4%

(1) Includes Utilities, Transportation, Financial, Prof. Services, Construction, Communication, Government, and Other Services

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REGIONAL DISTRIBUTION OF CANADIAN LOANS

As at July 31, 2015

REGION	RETAIL			WHOLESALE			TOTAL
	RM + HELOC	Other Retail	Other Wealth Mgt	Oil & Gas Sector	Commercial	Other	
QC / ON	39.9%	8.2%	2.6%	0.2%	22.7%	9.9%	83.5%
Oil Regions (AL/SK/NL)	2.9%	0.4%	0.4%	2.8%	0.7%	1.9%	9.1%
BC / MB	2.2%	0.3%	0.6%	0.0%	0.5%	1.1%	4.8%
Maritimes (NB/NS/PE)	1.1%	0.4%	0.1%	0.0%	0.6%	0.4%	2.6%

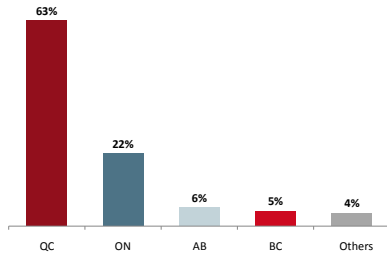
- Limited total exposure in the oil regions
- Direct lending to Oil and Gas sector represents approximately 3% of total loans

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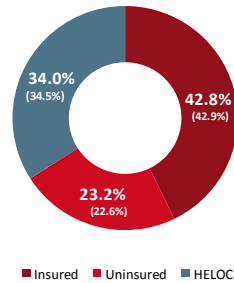


RETAIL MORTGAGE AND HELOC PORTFOLIO

DISTRIBUTION BY PROVINCE
As at July 31, 2015



MORTGAGE PORTFOLIO COMPOSITION
As at July 31, 2015
(vs. April 30, 2015)



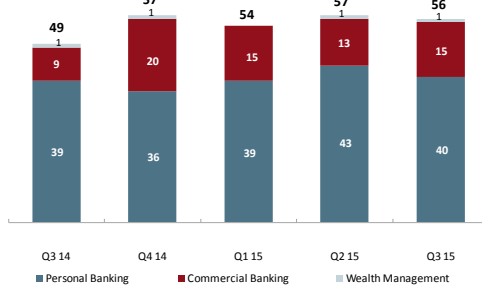
- The average Loan to Value on the heloc and uninsured mortgage portfolio was approximately 59%
- Mortgage loans with second lien amounted to 300 M\$ approximately and accounted for less than 1% of the outstanding mortgage and heloc portfolio

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SPECIFIC PROVISION FOR CREDIT LOSSES

(millions of dollars)



HIGHLIGHTS

- Q3 2015: 20 bps
- YTD 2015: 21 bps
- Next 2 quarters target: 20-30 bps

PCLs (in bps)	Q3 15	Q2 15	Q1 15	Q4 14	Q3 14
Personal Banking	27	31	27	26	28
Commercial Banking	21	19	21	29	13
Wealth Management	5	4	-	3	3
Corporate Banking	-	-	-	-	-
TOTAL	20	22	20	22	19

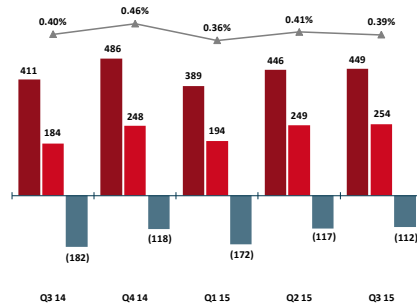
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IMPAIRED LOANS AND FORMATION

(millions of dollars)

IMPAIRED LOANS



■ Gross Impaired Loans
■ Impaired Loans before collective allowance for unimpaired loans
■ Impaired Loans, net of individual and collective allowances
▲ Gross Impaired Loans as a % of Loans and BA's

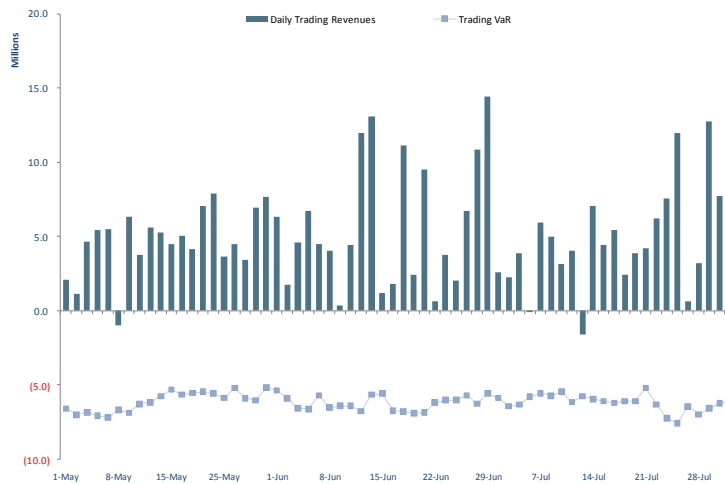
IMPAIRED LOANS FORMATION⁽¹⁾

(millions of dollars)	Q3 15	Q2 15	Q1 15	Q4 14	Q3 14
Retail	16	28	22	29	20
Commercial	24	65	(37)	79	2
Corporate Banking	-	-	-	-	-
Wealth Management	4	1	2	2	1
Total	44	94	(13)	110	23

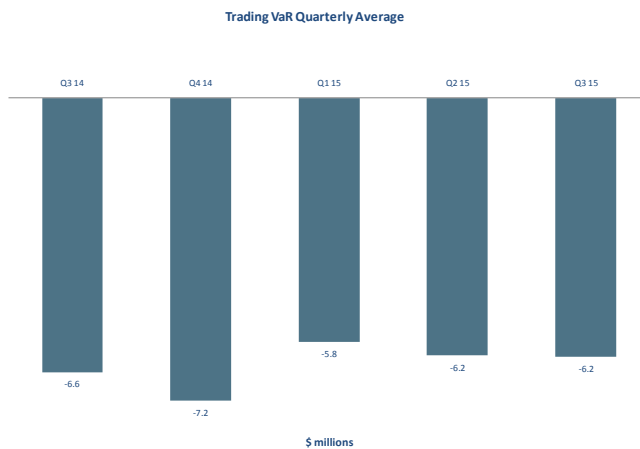
(1) Formations include new accounts, disbursements, principal repayments, and exchange rate fluctuation and exclude write-offs.

DAILY TRADING REVENUES vs VaR

Daily Trading Revenues vs Trading VaR - Q3 2015
(CAD millions)



VaR TREND



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BUSINESS SEGMENT REVIEW

Jean Dagenais
Senior Vice-President, Finance

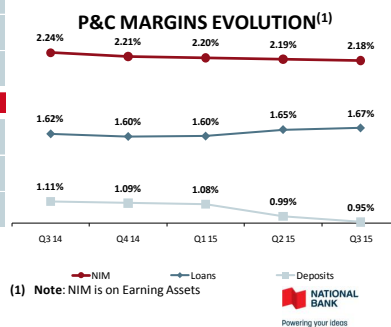


PERSONAL AND COMMERCIAL BANKING

(millions of dollars)	Q3 15	Q2 15	Q3 14	QoQ	YoY
Revenues	728	680	696	7%	5%
Personal Banking	344	316	324	9%	6%
Commercial Banking	259	256	252	1%	3%
Credit Card	91	82	90	11%	1%
Insurance	34	26	30	31%	13%
Operating Expenses	404	396	393	2%	3%
Pre-provisions / Pre-tax	324	284	303	14%	7%
Provisions for Credit Losses	55	56	48	(2%)	15%
Net Income	197	166	186	19%	6%
Key Metrics (billions of dollars)	Q3 15	Q2 15	Q3 14	QoQ	YoY
Loans & BAs (avg vol.)	87.2	85.8	81.8	2%	7%
Deposits (avg vol.)	45.1	43.7	43.1	3%	4%
Efficiency Ratio (%)	55.5%	58.2%	56.5%		

HIGHLIGHTS

- Revenues up 5% YoY due to strong volume growth from loans, deposits and mutual funds
 - Commercial Banking impacted by yield curve
 - Credit Card impacted by lower interchange rate
 - Strong revenue growth by Insurance due to decrease in actuarial liabilities
- Net Interest Margins down 1 bps QoQ
- Operating leverage ratio at 2% YoY
- Efficiency ratio improved by 100 bps YoY



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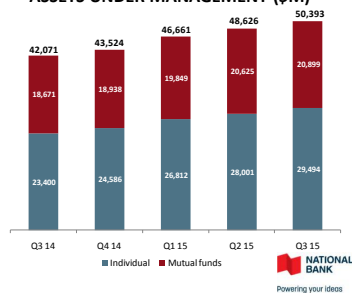
WEALTH MANAGEMENT⁽¹⁾

(millions of dollars)	Q3 15	Q2 15	Q3 14	QoQ	YoY
Revenues	347	359	335	(3%)	4%
Fee-based	195	191	170	2%	15%
Transaction & Others	73	87	87	(16%)	(16%)
Net Interest Income	79	81	78	(2%)	1%
Operating Expenses	233	244	232	(5%)	-
Provision for Credit Losses	1	1	1		
Net Income	84	84	76	-	11%
Key Metrics (billions of dollars)	Q3 15	Q2 15	Q3 14	QoQ	YoY
Loans & BAs (avg vol.)	8.8	8.5	8.3	3%	5%
Deposits (avg vol.)	24.2	24.4	24.0	(1%)	1%
Asset Under Administration	315	318	302	(1%)	4%
Asset Under Management	50	49	42	4%	20%
Efficiency Ratio (%)	67.1%	68.0%	69.3%		

YOY HIGHLIGHTS

- Very good net income growth at 11%
- Revenues increased by 4% mainly due to increase in fee-based revenues offset by lower transactional revenues
- Efficiency ratio improved by 220 basis point
- The MyWealth program that we launched in June last year, has exceeded \$9B in assets
- We concluded an exclusive partnership with Goldman Sachs to distribute NBI funds which they are managing

ASSETS UNDER MANAGEMENT (\$M)



(1) Excluding specified items

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FINANCIAL MARKETS⁽¹⁾

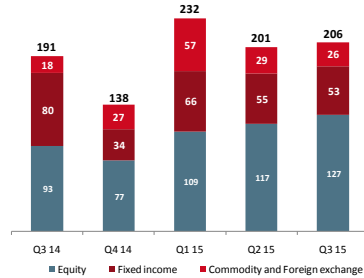
(millions of dollars)	Q3 15	Q2 15	Q3 14	QoQ	YoY
Revenues	470	428	445	10%	6%
Trading	206	201	191	2%	8%
Banking Services	75	63	64	19%	17%
Financial Market Fees	90	81	94	11%	(4%)
Gains on AFS Securities	15	3	(1)		
Credigy	63	42	74	50%	(15%)
Other	21	38	23	(45%)	(9%)
Operating Expenses	193	187	188	3%	3%
Net Income	202	176	187	15%	8%
Other Metrics (in millions)	Q3 15	Q2 15	Q3 14	QoQ	YoY
CVA / DVA	2.1	(16.4)	(10.8)		
Proprietary Trading	0.1	(4.3)	(4.6)		
Efficiency Ratio (%)	41.1%	43.7%	42.2%		

(1) Excluding specified items

HIGHLIGHTS

- Increased client activity in risk management products
- Higher underwriting revenues in fixed income driven by increased activity in government finance and infrastructure projects
- Lower investment banking fees
- Strong corporate banking and solid balance sheet growth

TRADING REVENUES (\$M)



APPENDIX

APPENDIX 1 | DETAIL OF SPECIFIED ITEMS

<i>(millions of dollars)</i>	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Wealth Management and other acquisitions	(22)	(14)	(10)	(8)	(9)
Gain on disposal of equity interest in Fiera Capital	-	-	-	29	-
Share of current tax asset write-down of an associated company	-	-	-	(18)	-
Funding Valuation Adjustments	-	(13)	-	-	-
MAV and Other Notes	42	(4)	18	33	21
Litigation provisions	-	(14)	-	-	-
Write-off of Intangible Assets	-	(62)	-	(46)	-
Income Before Income Taxes	20	(107)	8	(10)	12
Income Taxes	(6)	30	(3)	3	(3)
Net Income	14	(77)	5	(7)	9
EPS Impact	0.04	(0.23)	0.02	(0.02)	0.03

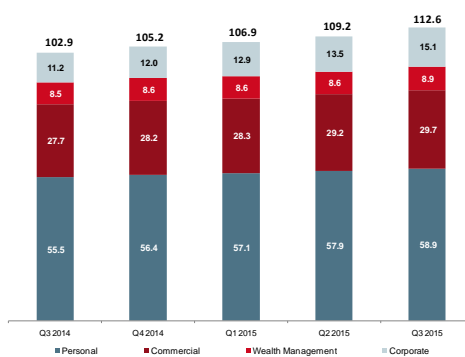
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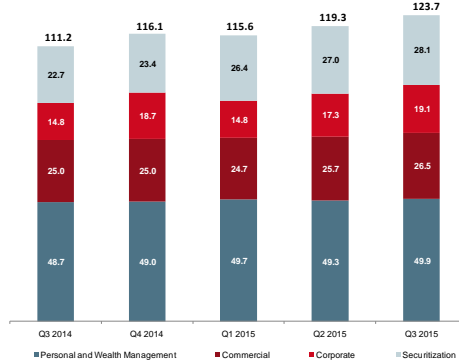
BALANCE SHEET OVERVIEW (Banking Book)

(billions of dollars)

LENDING – LOANS AND BAS (MONTH END BALANCE)



FUNDING – DEPOSITS AND BAS (MONTH END BALANCE)



□ **YoY growth:**
 Personal and Wealth Management 6%
 Commercial and Corporate 15%
 Total 9%

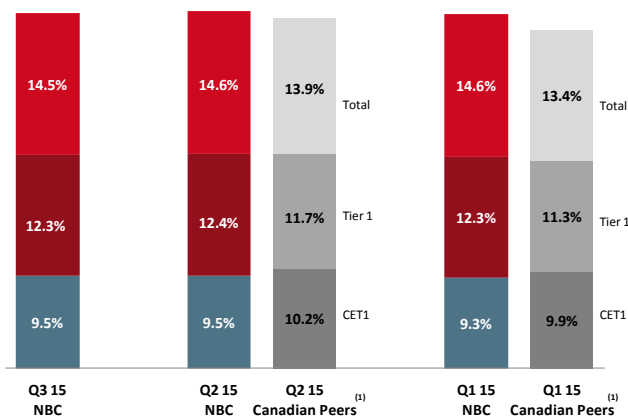
□ **YoY growth:**
 Personal and Wealth Management 3%
 Commercial and Corporate 15%
 Securitization 24%
 Total 11%

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COMPARATIVE PERFORMANCE – Capital Ratios

CAPITAL RATIOS UNDER BASEL III



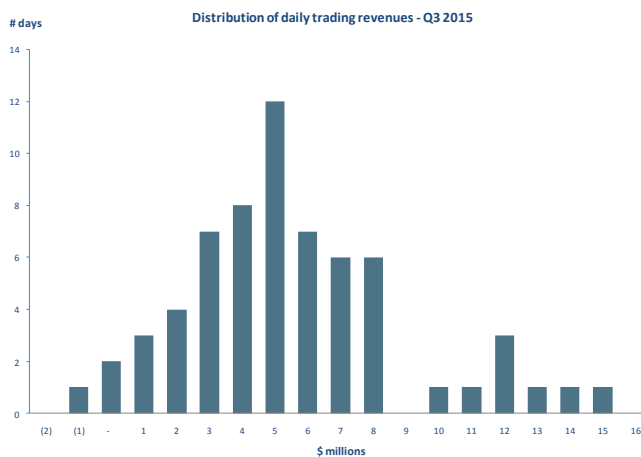
■ Common Equity Tier 1 (CET1) ■ Tier 1 ■ Total

(1) Weighted average ratios of Royal Bank of Canada, Toronto-Dominion Bank, Bank of Nova Scotia, Bank of Montreal and Canadian Imperial Bank of Commerce

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APPENDIX 6 | TRADING P&L RESULTS



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INVESTOR RELATIONS

Financial analysts and investors who want to obtain financial information on the Bank are asked to contact the Investor Relations Department.

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