

ANALYST AND INVESTOR PRESENTATION Q3-2014 CONFERENCE CALL

Wednesday, August 27, 2014 - 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 2013 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 2014 and the objectives it has set for itself for that period. These forward-looking statements are made in accordance with current securities legislation. 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 2014 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, which are described in more detail in the "Risk Management" section beginning on page 60 of the 2013 Annual Report, and in particular the general economic environment and financial market conditions in Canada, the United States and certain other countries in which the Bank conducts business, including the 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 new reporting regime set out in sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (FATCA)); and changes to capital adequacy and liquidity guidelines and to the manner in which they are to be presented and interpreted.

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 2013 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 Bank also cautions readers not to place undue reliance on these forward-looking statements.

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 – Record quarterly earnings

<i>ADJUSTED RESULTS</i> ⁽¹⁾	Q3 14	Q2 14	Q3 13	QoQ	YoY
Net Income ⁽²⁾	427	375	374	14%	14%
Diluted EPS	\$1.20	\$1.05	\$1.07	14%	12%
Provision for Credit Losses	49	51	48	(4%)	2%
Return on Equity	19.4%	18.1%	19.5%		
Common Equity Tier 1 Ratio Under Basel III	9.1%	8.7%	8.6%		
Dividend Payout ⁽³⁾	41.9%	42.5%	41.4%		

- Also Record earnings for P&C Banking and Financial Markets in Q3 2014

(1) Excluding specified items (see Appendix 1, page 21)
(2) Net income before non-controlling interests
(3) Trailing 4 quarters

Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 3



FINANCIAL REVIEW

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



PERFORMANCE SNAPSHOT – Q3 2014

(millions of dollars)

ADJUSTED ⁽¹⁾	Q3 14	Q2 14	Q3 13	QoQ	YoY
Revenues	1,427	1,283	1,291	11%	11%
Expenses	866	789	802	10%	8%
Net Income	427	375	374	14%	14%
Diluted EPS	\$1.20	\$1.05	\$1.07	14%	12%
ROE	19.4%	18.1%	19.5%		

REPORTED	Q3 14	Q2 14	Q3 13	QoQ	YoY
Specified Items	14	(13)	28		
Net Income	441	362	402	22%	10%
Diluted EPS	\$1.24	\$1.01	\$1.16	23%	7%
ROE	20.1%	17.4%	21.0%		

(1) Excluding specified items (see Appendix 1, page 21)

PERFORMANCE SNAPSHOT – YTD 2014

(millions of dollars)

ADJUSTED ⁽¹⁾	9M 14	9M 13	YoY
Revenues	4,036	3,761	7%
Expenses	2,462	2,356	4%
Net Income	1,186	1,070	11%
Diluted EPS	\$3.34	\$3.04	10%
ROE	18.8%	19.4%	

REPORTED	9M 14	9M 13	YoY
Specified Items	22	122	
Net Income	1,208	1,192	1%
Diluted EPS	\$3.41	\$3.41	
ROE	19.1%	21.7%	

(1) Excluding specified items (see Appendix 1, page 21)

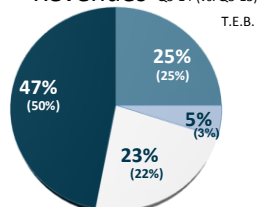
INCOME STATEMENT OVERVIEW – Q3 2014 (Excluding specified items)

(millions of dollars)	Q3 14	Q2 14	Q3 13	QoQ	YoY
Revenues	1,427	1,283	1,291	11%	11%
P&C Banking	696	649	665	7%	5%
Wealth Management	335	332	291	1%	15%
Financial Markets	445	337	381	32%	17%
Other Segment	(49)	(35)	(46)		

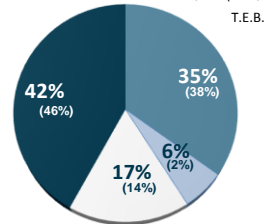
Net Income	427	375	374	14%	14%
P&C Banking	190	162	179	17%	6%
Wealth Management	75	77	55	(3%)	36%
Financial Markets	187	128	155	46%	21%
Other Segment	(25)	8	(15)		

Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 7

Revenues Q3-14 (vs. Q3-13)



Net Income Q3-14 (vs. Q3-13)



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



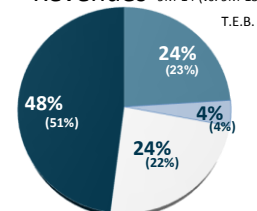
INCOME STATEMENT OVERVIEW – YTD 2014 (Excluding specified items)

(millions of dollars)	9M 14	9M 13	YoY
Revenues	4,036	3,761	7%
P&C Banking	2,003	1,934	4%
Wealth Management	992	859	15%
Financial Markets	1,147	1,047	10%
Other Segment	(106)	(79)	

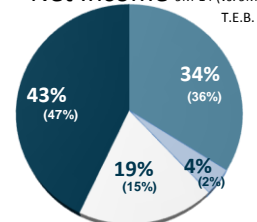
Net Income	1,186	1,070	11%
P&C Banking	520	495	5%
Wealth Management	228	163	40%
Financial Markets	459	409	12%
Other Segment	(21)	3	

Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 8

Revenues 9M-14 (vs. 9M-13)



Net Income 9M-14 (vs. 9M-13)

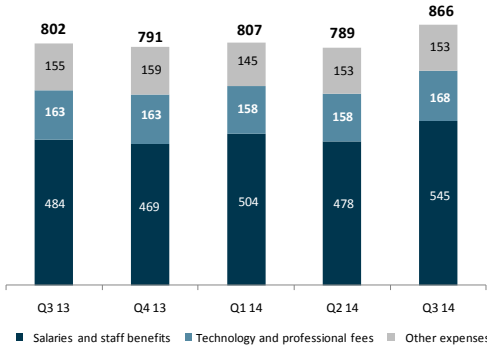


■ Personal and Commercial Banking
■ Financial Markets (excluding Credigy)
■ Credigy
■ Wealth Management



NON INTEREST EXPENSES (Excluding specified items)

<small>(millions of dollars)</small>	Q3 14	Q2 14	Q3 13	QoQ	YoY	9M 14	9M 13	YoY
Salaries and Staff Benefits	545	478	484	14%	13%	1,527	1,435	6%
Technology and Professional Fees	168	158	163	6%	3%	484	472	3%
Other Expenses	153	153	155	-	(1%)	451	449	-
Non Interest Expense	866	789	802	10%	8%	2,462	2,356	4%



- Q3 increase due mainly to variable compensation
- YTD 2014 positive operating leverage: 3%
- YTD 2014 efficiency ratio: 58.6% (60.0% YTD 2013)

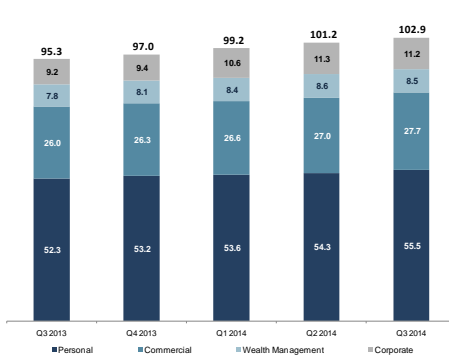
Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 9



BALANCE SHEET OVERVIEW (Banking Book)

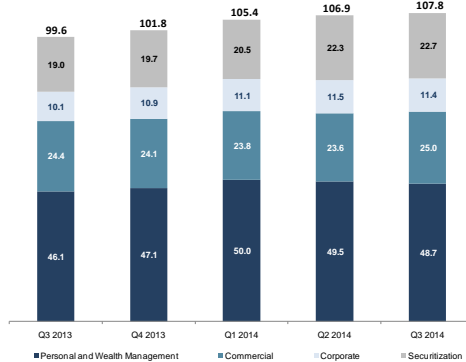
(billions of dollars)

LENDING – LOANS AND BAS (MONTH END BALANCE)



- YoY growth:**
 - Personal and Wealth Management: 6%
 - Commercial and Corporate: 11%
 - Total: 8%

FUNDING – DEPOSITS AND BAS (MONTH END BALANCE)



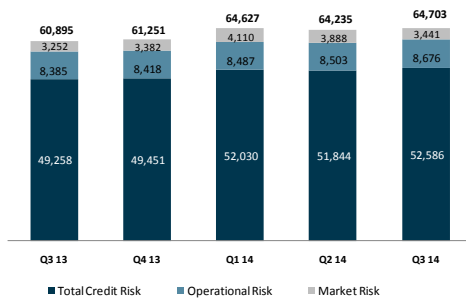
- YoY growth:**
 - Personal and Wealth Management: 6%
 - Commercial and Corporate: 6%
 - Securitization: 19%
 - Total: 8%

Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 10

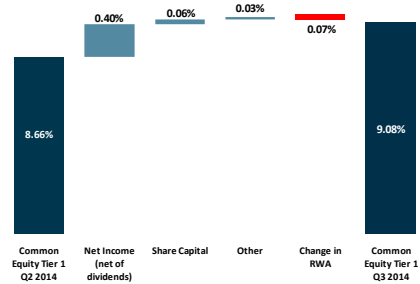


STRONG CAPITAL POSITION

TOTAL RISK-WEIGHTED ASSETS
UNDER BASEL III



COMMON EQUITY TIER 1 UNDER BASEL III
EVOLUTION (QoQ)



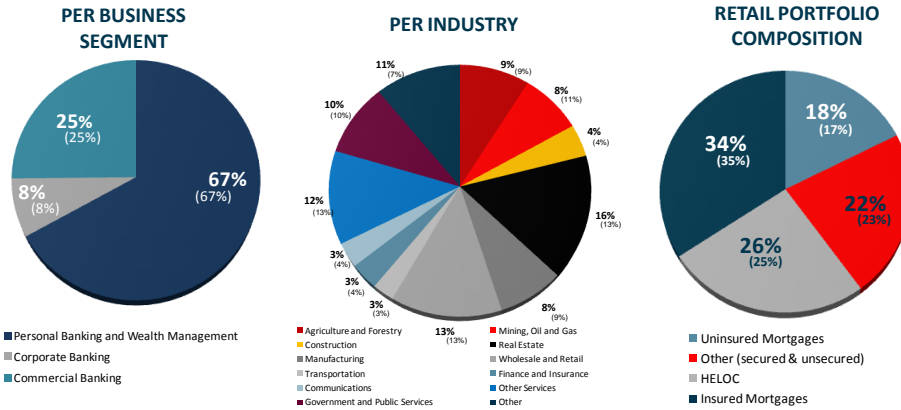
- Common Equity Tier 1 ratio is 9.08% in Q3 14
- Risk-weighted assets at \$64.7B

RISK MANAGEMENT

William Bonnell
Executive Vice-President, Risk Management

GLOBAL CREDIT PORTFOLIO

As at July 31, 2014 vs. (July 31, 2013)



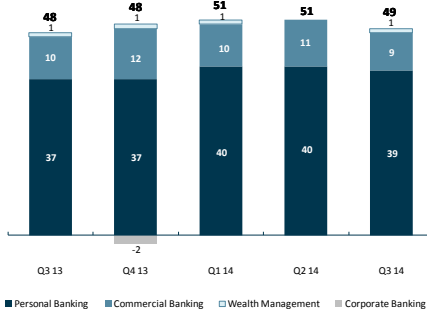
- Global Credit Portfolio mix remained stable
- Well-diversified across industrial sectors

Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 13



SPECIFIC PROVISION FOR CREDIT LOSSES

(millions of dollars)



RISK PROVISIONING

- Q3 2014: 19 bps
- YTD 2014: 20 bps
- Next 2 quarters target: 20-30 bps

PCLs (in bps)	Q3 14	Q2 14	Q1 14	Q4 13	Q3 13
Personal Banking	28	31	30	28	29
Commercial Banking	13	16	15	18	15
Wealth Management	3	-	5	5	5
Corporate Banking	-	-	-	(11)	-
TOTAL	19	21	21	20	20

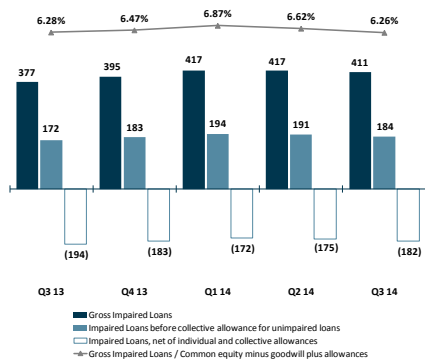
Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 14



IMPAIRED LOANS AND FORMATION

(millions of dollars)

IMPAIRED LOANS



IMPAIRED LOANS FORMATION⁽¹⁾

(millions of dollars)

	Q3 14	Q2 14	Q1 14	Q4 13	Q3 13
Retail	20	15	36	21	26
Commercial	2	15	9	26	36
Corporate Banking	-	-	-	(6)	(6)
Wealth Management	1	-	1	1	2
Total	23	30	46	42	58

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

Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 15



BUSINESS SEGMENT REVIEW

Jean Dagenais
Senior Vice-President
Finance, Taxation and Investor Relations

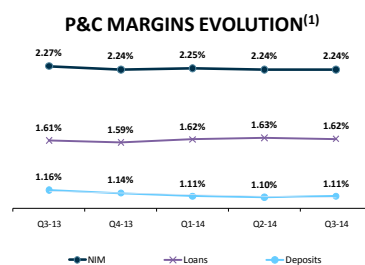


PERSONAL AND COMMERCIAL BANKING

(millions of dollars)	Q3 14	Q2 14	Q3 13	QoQ	YoY
Revenues	696	649	665	7%	5%
Personal Banking	323	301	307	7%	5%
Commercial Banking	253	236	246	7%	3%
Credit Card	91	83	83	10%	10%
Insurance	29	29	29	-	-
Operating Expenses	388	376	374	3%	4%
Contribution	308	273	291	13%	6%
Provisions for Credit Losses	48	51	46	(6%)	4%
Net Income	190	162	179	17%	6%
Key Metrics (in millions)					
Loans & BAs (avg vol.)	81,755	80,311	76,912	2%	6%
Deposits (avg vol.)	43,144	42,570	40,780	1%	6%
Efficiency Ratio (%)	55.7%	57.9%	56.2%		

HIGHLIGHTS

- Revenues up 5% YoY due to strong volume growth from loans, deposits and mutual funds
- Net Interest margin stable QoQ
- Operating leverage ratio at 1%, YoY
- Efficiency ratio improved by 50 bps YoY



Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 17



WEALTH MANAGEMENT⁽¹⁾

(millions of dollars)	Q3 14	Q2 14	Q3 13	QoQ	YoY
Revenues	335	332	291	1%	15%
Fee-based	170	160	145	6%	17%
Transaction & Others	86	93	78	(8%)	10%
Net Interest Income	79	79	68	-%	16%
Operating Expenses	233	227	215	3%	8%
Contribution	102	105	76	(3%)	34%
Provision for Credit Losses	1	0	1		
Net Income	75	77	55	(3%)	36%
Key metrics (billions of dollars)					
Loans & BAs (avg vol.)	8.3	8.2	7.8	1%	7%
Deposits (avg vol.)	24.0	24.3	21.6	(1%)	11%
Asset Under Administration	289	281	208	3%	39%
Asset Under Management	48	46	39	6%	23%
Efficiency Ratio (%)	69.6%	68.4%	73.9%		

YOY HIGHLIGHTS

- Net income up 36% (27% excluding TDWIS)
- Strong revenue growth at 15% (11% excluding TDWIS)
- Operating leverage ratio at 7%
- Efficiency ratio improved by 430 bps
- TDWIS activities now fully integrated into NBCN operations

(1) Excluding specified items

Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 18



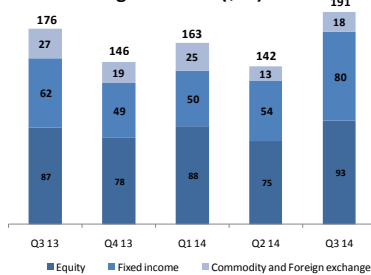
FINANCIAL MARKETS

(millions of dollars)	Q3 14	Q2 14	Q3 13	QoQ	YoY
Revenues	445	337	381	32%	17%
Trading	191	142	176	35%	9%
Banking Services	64	61	55	5%	16%
Financial Market Fees	94	66	68	42%	38%
Gains on AFS Securities	(1)	2	19		
Other	97	66	63	47%	54%
Operating Expenses	188	162	170	16%	11%
Contribution	257	175	211	47%	22%
Provision for Credit Losses	-	-	-		
Net Income	187	128	155	46%	21%
Other Metrics					
CVA / DVA (millions of dollars)	(10.8)	(3.3)	(1.1)		
Proprietary Trading (millions of dollars)	(4.6)	4.9	8.6		
Efficiency Ratio (%)	42.2%	48.1%	44.6%		

HIGHLIGHTS

- Record trading revenues driven by very high client activity during the quarter
- Very strong performance from Investment Banking with an active new issue calendar and a pickup in M&A
- "Other" line driven by strong Credigy results

Trading Revenues (\$M)



APPENDIX

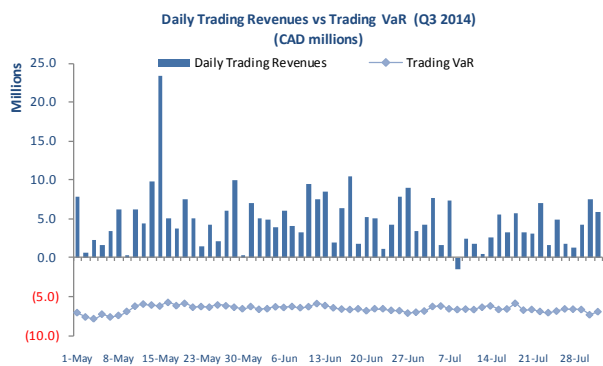
APPENDIX 1 | DETAIL OF SPECIFIED ITEMS

<i>(millions of dollars)</i>	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14
Wealth Management and other acquisitions	(8)	(14)	(11)	(12)	(22)
Severance Pay	-	(12)	-	-	-
MAV and Other Notes	(4)	(3)	40	(4)	42
Leases Termination	-	(16)	-	-	-
Write-off of Intangible Assets	-	-	-	(1)	-
Income Before Income Taxes	(12)	(45)	29	(17)	20
Income Taxes	3	12	(8)	4	(6)
Income Tax Recovery	37	-	-	-	-
Net Income	28	(33)	21	(13)	14
EPS Impact	0.09	(0.10)	0.06	(0.04)	0.04

Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 21



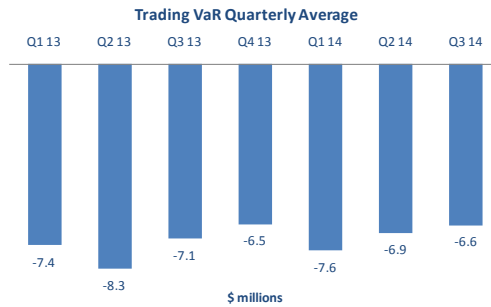
APPENDIX 2 | Daily Trading Revenues vs VAR



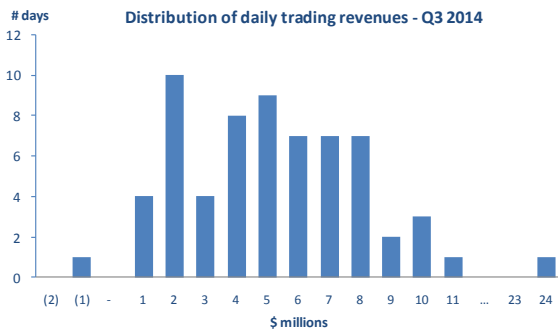
Q3 2014 RESULTS CONFERENCE CALL – August 27, 2014 | 22



APPENDIX 3 | VaR TREND



APPENDIX 4 | TRADING P&L RESULTS





INVESTOR RELATIONS

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

600 De La Gauchetière Street West, 7th Floor, Montreal, Quebec H3B 4L2

Toll-free: 1-866-517-5455

Fax: 514-394-6196

E-mail: investorrelations@nbc.ca

Website: www.nbc.ca/investorrelations

