



NATIONAL BANK OF CANADA

ANALYST AND INVESTOR PRESENTATION Q1-2015 CONFERENCE CALL

Wednesday, February 25, 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⁾	Q1 15	Q4 14	Q1 14	QoQ	YoY
Net Income ⁽²⁾	410	407	384	1%	7%
Diluted EPS	\$1.14	\$1.14	\$1.09	-	5%
Provision for Credit Losses	54	57	51	(5%)	6%
Return on Equity	17.5%	17.9%	18.8%		
Common Equity Tier 1 Ratio Under Basel III	9.30%	9.23%	8.26%		
Dividend Payout ⁽³⁾	41.9%	41.5%	41.8%		

- Net income up 7%
- Strong credit quality

(1) Excluding specified items (see Appendix 1, page 23)
 (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 – Q1 2015

(millions of dollars)

ADJUSTED ⁽¹⁾	Q1 15	Q4 14	Q1 14	QoQ	YoY
Revenues ⁽²⁾	1,459	1,440	1,370	1%	7%
Expenses	857	841	807	2%	6%
Net Income	410	407	384	1%	7%
Diluted EPS	\$1.14	\$1.14	\$1.09	-	5%
ROE	17.5%	17.9%	18.8%		

□ Adjusted revenues up 7%, YoY

□ Diluted EPS up 5% from Q1 2014

REPORTED	Q1 15	Q4 14	Q1 14	QoQ	YoY
Specified Items	5	(77)	21		
Net Income	415	330	405	26%	2%
Diluted EPS	\$1.16	\$0.91	\$1.15	27%	1%
ROE	17.8%	14.3%	19.8%		

(1) Excluding specified items (see Appendix 1, page 23)

(2) Taxable equivalent basis

INCOME STATEMENT OVERVIEW – Q1 2015 (Excluding specified items)

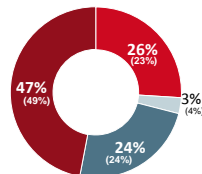
<i>(millions of dollars)</i>	Q1 15	Q4 14	Q1 14	QoQ	YoY
Revenues ⁽¹⁾	1,459	1,440	1,370	1%	7%
P&C Banking	691	690	658	-	5%
Wealth Management	345	339	324	2%	6%
Financial Markets	418	380	365	10%	15%
Other Segment	5	31	23		

Net Income	410	407	384	1%	7%
P&C Banking	175	174	166	1%	5%
Wealth Management	83	80	76	4%	9%
Financial Markets	178	151	145	18%	23%
Other Segment	(26)	2	(3)		

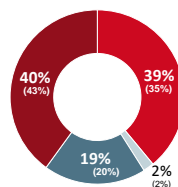
(1) Taxable equivalent basis

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REVENUES Q1-15 (vs. Q1-14) T.E.B.



NET INCOME Q1-15 (vs. Q1-14) T.E.B.



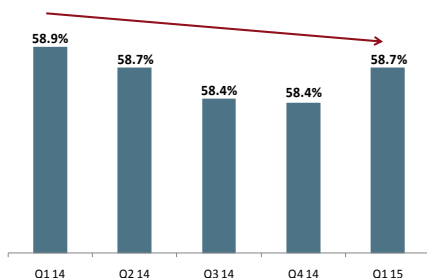
■ Personal and Commercial Banking
■ Financial Markets (excluding Credigy)
■ Credigy
■ Wealth Management



NON INTEREST EXPENSES (Excluding specified items)

<i>(millions of dollars)</i>	Q1 15	Q4 14	Q1 14	QoQ	YoY
Salaries and Staff Benefits	545	506	504	8%	8%
Technology and Professional Fees	173	184	158	(6%)	10%
Other Expenses	139	151	145	(8%)	(5%)
Non Interest Expense	857	841	807	2%	6%

EFFICIENCY RATIO



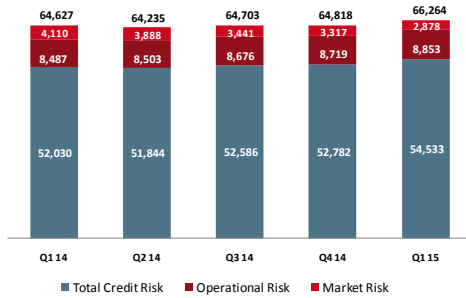
- Higher expenses resulting from technology investments, regulatory costs and variable compensation
- Positive operating leverage
- Q1-2015 efficiency ratio: 58.7% vs 58.9% Q1-2014

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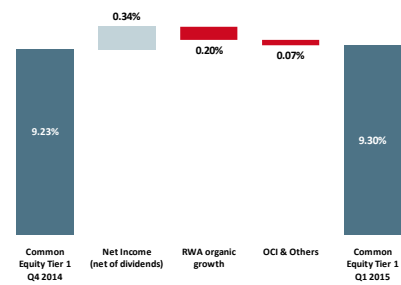


STRONG CAPITAL POSITION

TOTAL RISK-WEIGHTED ASSETS
UNDER BASEL III



COMMON EQUITY TIER 1 UNDER BASEL III
EVOLUTION (QoQ)



- Common Equity Tier 1 ratio is 9.3% in Q1 15
- Risk-weighted assets at \$66.3B
- Leverage ratio at 3.6%

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RISK MANAGEMENT

William Bonnell
Executive Vice-President, Risk Management



LOAN PORTFOLIO OVERVIEW

(billions of dollars)	Q1 15	% of Total
Retail mortgages & HELOC	50.7	47%
Secured by non real estate	4.8	4%
Credit cards	1.8	2%
Other retail	6.4	6%
Total Retail	63.7	59%

- The loan portfolio is well diversified across industrial sectors

(billions of dollars)	Q1 15	% of Total
Real Estate	7.3	7%
Retail & Wholesale Trade	5.1	5%
Mining and Oil & Gas	4.3	4%
Agriculture	4.0	4%
Manufacturing	3.6	3%
Education & Health Care	2.6	2%
Other ⁽¹⁾	17.3	16%
Total Wholesale	44.2	41%
Total Gross Loans and Acceptances	107.9	100%

Mining and Oil & Gas (billions of dollars)	Q1 15	% of total
Mining	0.4	0.4%
O&G Corporate	0.7	0.6%
O&G Commercial	2.4	2.2%
O&G Services	0.2	0.2%
Other	0.6	0.6%
Total	4.3	4.0%

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

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REGIONAL DISTRIBUTION OF CANADIAN LOANS

As at January 31, 2015

REGION	RETAIL			WHOLESALE			TOTAL
	RM + HELOC	Other Retail	Other Wealth Mgt	Oil & Gas Sector	Commercial	Other	
QC / ON	40.5%	8.2%	2.7%	0.2%	22.7%	9.3%	83.6%
Oil Regions (AL/SK/NL)	2.8%	0.4%	0.4%	2.9%	0.7%	1.3%	8.5%
BC / MB	2.0%	0.3%	0.7%	0.0%	0.4%	0.9%	4.3%
Maritimes (NB/NS/PE)	1.1%	0.4%	0.2%	0.0%	0.6%	1.3%	3.6%

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

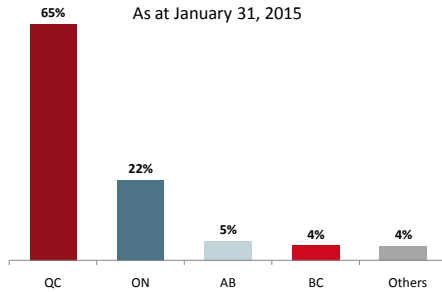
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RETAIL MORTGAGE AND HELOC PORTFOLIO

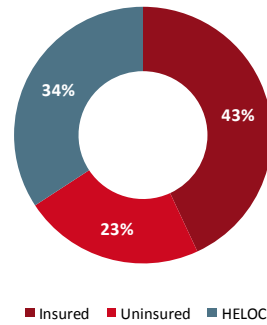
DISTRIBUTION BY PROVINCE

As at January 31, 2015



MORTGAGE PORTFOLIO COMPOSITION

As at January 31, 2015

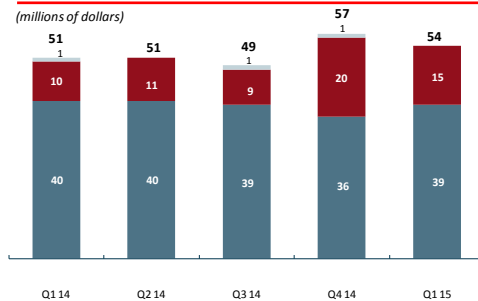


Q4 2014 RESULTS CONFERENCE CALL – December 5, 2014 | 13



SPECIFIC PROVISION FOR CREDIT LOSSES

(millions of dollars)



HIGHLIGHTS

- Q1 2015: 20 bps
- Next 2 quarters target: 20-30 bps

■ Personal Banking ■ Commercial Banking ■ Wealth Management ■ Corporate Banking

PCLs (in bps)	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Personal Banking	27	26	28	31	30
Commercial Banking	21	29	13	16	15
Wealth Management	-	3	3	-	5
Corporate Banking	-	-	-	-	-
TOTAL	20	22	19	21	21

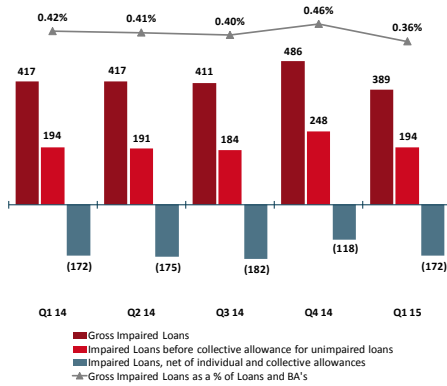
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IMPAIRED LOANS AND FORMATION

(millions of dollars)

IMPAIRED LOANS



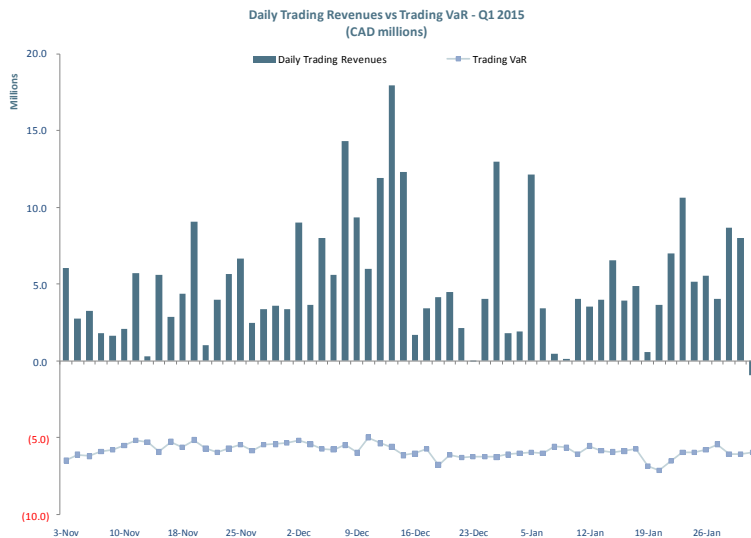
IMPAIRED LOANS FORMATION⁽¹⁾

(millions of dollars)	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Retail	22	29	20	15	36
Commercial	(37)	79	2	15	9
Corporate Banking	-	-	-	-	-
Wealth Management	2	2	1	-	1
Total	(13)	110	23	30	46

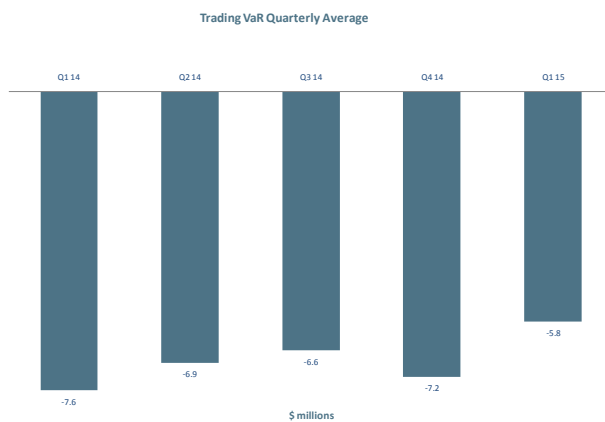
- No new formations in Oil and Gas sector
- Lower new formations and higher repayments in the Commercial sector

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

DAILY TRADING REVENUES vs VaR



VaR TREND



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BUSINESS SEGMENT REVIEW

Jean Dagenais
Senior Vice-President, Finance

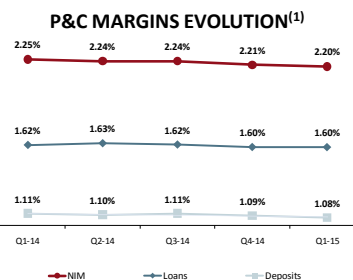


PERSONAL AND COMMERCIAL BANKING

(millions of dollars)	Q1 15	Q4 14	Q1 14	QoQ	YoY
Revenues	691	690	658	-	5%
Personal Banking	323	324	306	-	6%
Commercial Banking	251	250	240	-	5%
Credit Card	89	90	85	(1%)	5%
Insurance	28	26	27	8%	4%
Operating Expenses	397	395	381	1%	4%
Pre-provisions / Pre-tax	294	295	277	-	6%
Provisions for Credit Losses	54	56	50	(4%)	8%
Net Income	175	174	166	-	5%
Key Metrics (in millions)	Q1 15	Q4 14	Q1 14	QoQ	YoY
Loans & BAs (avg vol.)	84,574	83,248	79,176	2%	7%
Deposits (avg vol.)	43,833	43,995	42,363	-	3%
Efficiency Ratio (%)	57.5%	57.2%	57.9%		

HIGHLIGHTS

- Revenues up 5% YoY due to strong volume growth from loans, deposits and mutual funds
- Net Interest Margin down 1 bps QoQ
- Operating leverage ratio at 1% YoY
- Efficiency ratio improved by 40 bps YoY



(1) Note: NIM is on Earning Assets



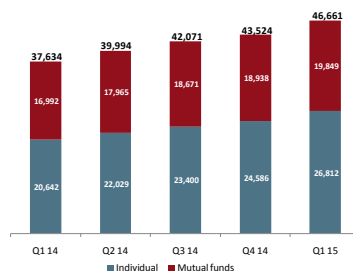
WEALTH MANAGEMENT⁽¹⁾

(millions of dollars)	Q1 15	Q4 14	Q1 14	QoQ	YoY
Revenues	345	339	324	2%	6%
Fee-based	179	178	155	1%	15%
Transaction & Others	84	82	93	2%	(10%)
Net Interest Income	82	79	76	4%	8%
Operating Expenses	233	230	221	1%	5%
Provision for Credit Losses	-	1	1		
Net Income	83	80	76	4%	9%
Key Metrics (billions of dollars)	Q1 15	Q4 14	Q1 14	QoQ	YoY
Loans & BAs (avg vol.)	8.6	8.4	8.1	1%	5%
Deposits (avg vol.)	24.5	24.2	24.4	2%	-
Asset Under Administration	313	302	278	4%	12%
Asset Under Management	47	44	38	7%	24%
Efficiency Ratio (%)	67.5%	67.8%	68.2%		

YOY HIGHLIGHTS

- Net income up 9%
- Revenues up 6% due to continued good momentum for fee-based revenues offset by lower transactional revenues (mainly new issues)
- Efficiency ratio stood at 67.5%, an improvement of 70 bps due to good cost control
- AUM growth strong at 24% mainly due to the success of our mywealth platform

ASSETS UNDER MANAGEMENT (\$M)



(1) Excluding specified items



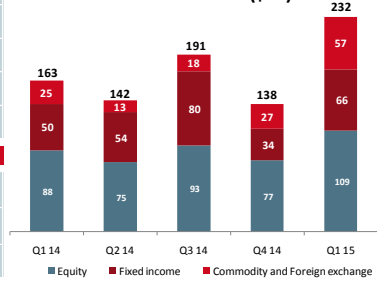
FINANCIAL MARKETS⁽¹⁾

<i>(millions of dollars)</i>	Q1 15	Q4 14	Q1 14	QoQ	YoY
Revenues	418	380	365	10%	15%
Trading	232	138	163	68%	42%
Banking Services	69	67	58	3%	19%
Financial Market Fees	58	80	61	(28%)	(5%)
Gains on AFS Securities	(7)	15	11		
Credigy	41	60	48	(31%)	(14%)
Other	25	20	24	21%	3%
Operating Expenses	175	173	167	1%	5%
Net Income	178	151	145	18%	23%
Other Metrics (in millions)	Q1 15	Q4 14	Q1 14	QoQ	YoY
CVA / DVA	10.6	6.6	0.5		
Proprietary Trading	19.8	(18.6)	8.7		
Efficiency Ratio (%)	41.9%	45.5%	45.8%		

HIGHLIGHTS

- Record trading revenues driven by increased client activity with higher market volatility
- Lower Investment Banking fees mostly in the Energy sector

TRADING REVENUES (\$M)



(1) Excluding specified items

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APPENDIX

APPENDIX 1 | DETAIL OF SPECIFIED ITEMS

(millions of dollars)	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15
Wealth Management and other acquisitions	(11)	(12)	(22)	(14)	(10)
Funding Valuation Adjustments	-	-	-	(13)	-
MAV and Other Notes	40	(4)	42	(4)	18
Litigation provisions	-	-	-	(14)	-
Write-off of Intangible Assets	-	(1)	-	(62)	-
Income Before Income Taxes	29	(17)	20	(107)	8
Income Taxes	(8)	4	(6)	30	(3)
Net Income	21	(13)	14	(77)	5
EPS Impact	0.06	(0.04)	0.04	(0.23)	0.02

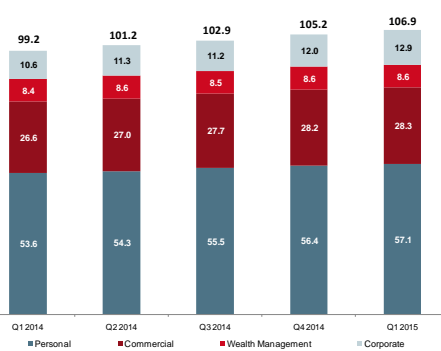
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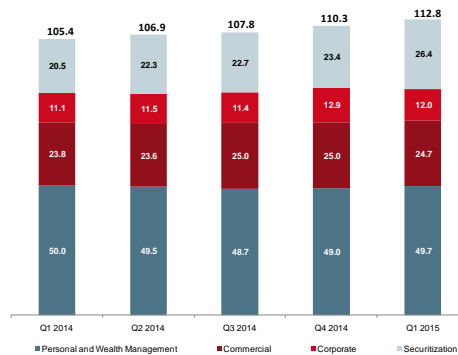
BALANCE SHEET OVERVIEW (Banking Book)

(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	11%
Total	8%

□ **YoY growth:**

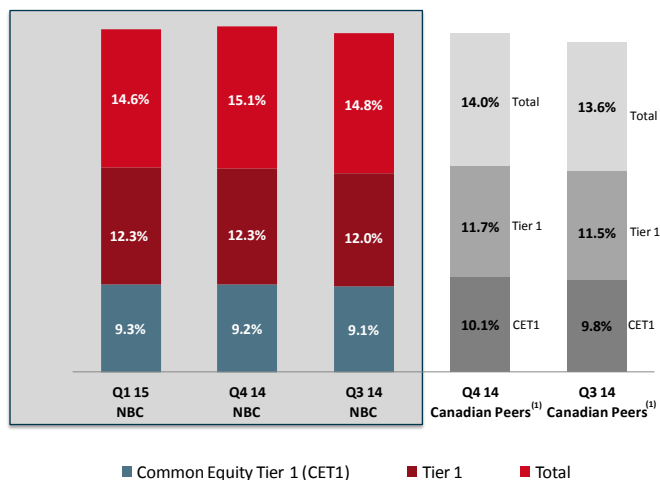
Personal and Wealth Management	-
Commercial and Corporate	5%
Securitization	28%
Total	7%

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COMPARATIVE PERFORMANCE – Capital Ratios

CAPITAL RATIOS UNDER BASEL III

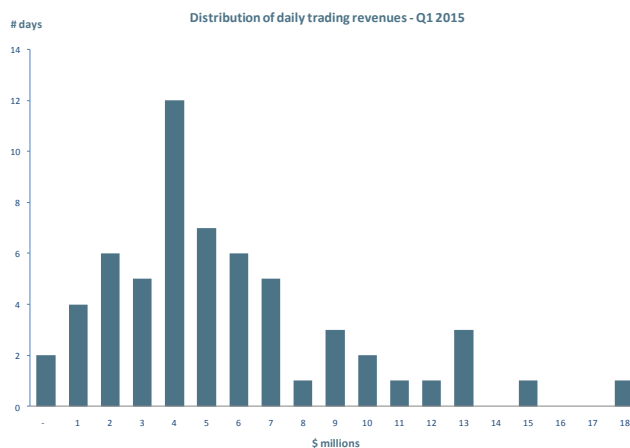


(1) Weighted average ratios of Royal Bank of Canada, Toronto-Dominion Bank, Bank of Nova Scotia, Bank of Montreal and Canadian Imperial Bank of Commerce

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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.

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



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